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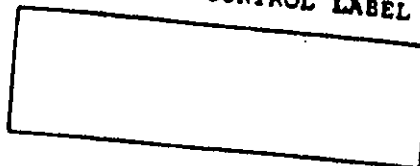


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REGISTRANT'S NAME

Labcorp Holdings Ltd

*CURRENT ADDRESS

**FORMER NAME

**NEW ADDRESS

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23 August 2007

OFFICE OF INTENTIONS
CORPORATE FINANCE

To: Australian Securities Exchange
Companies Announcements Platform
20 Bridge Street
Sydney NSW 2000

6-30-07
AA/S

**RESULTS FOR ANNOUNCEMENT TO THE MARKET
TABCORP PRELIMINARY FINAL REPORT
FOR FULL YEAR ENDED 30 JUNE 2007**

In accordance with the ASX Listing Rules, the following documents are transmitted for lodgement:

1. Media Release;
2. Preliminary Final Report and Dividend Announcement (Appendix 4E) for the year ended 30 June 2007; and
3. Directors' Report and Financial Report for the year ended 30 June 2007.

The Directors have declared a final dividend of 47 cents per share fully franked at the company tax rate of 30% to be paid on 8 October 2007.

The dividend record date for the purpose of entitlement to the final dividend will be 3 September 2007. The ex-dividend date is 28 August 2007.

The Directors decided to continue the operation of the Company's Dividend Reinvestment Plan (DRP) for the final dividend. To participate in the DRP at the final dividend, DRP elections must be received by Tabcorp's share registry (Link Market Services Limited) by the end of the record date. The price at which shares are issued under the DRP is the daily volume weighted average market price of Tabcorp shares sold in the ordinary course of trading on the Australian Securities Exchange over a period of ten business days beginning on the second business day after the dividend record date. Currently, there is no discount applicable on the price of shares issued under the DRP. Information regarding the DRP can be found on the company's website at www.tabcorp.com.au.

The Directors resolved to convene the Annual General Meeting of the Company to be held at the Company's Star City Hotel and Casino, 80 Pyrmont Street, Pyrmont NSW, at 10.00am on Monday 26 November 2007. For the purpose of voting at the Annual General Meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Company's register of members at 10.00am on Saturday 24 November 2007.

Kerry Willcock
Executive General Manager – Corporate and Legal

Enc.

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OFFICE OF INT. AFFAIRS
CORPORATE COMMUNICATIONS

23 August 2007

Tabcorp 2007 financial results

Tabcorp Holdings Limited today announced a net profit after tax (normalised and before non-recurring items) of \$515.6 million, down 3.8 percent for the full year to 30 June 2007. Normalised earnings per share were 98.2 cents.

Normalised net operating revenue was up 3.2 percent to \$3.9 billion. Revenue growth was more than offset by expense growth of 9.1 percent, resulting in a lower bottom line result.

The reported net profit after tax was \$450.4 million, down 17.1 percent on the previous year. Reported earnings per share were 85.8 cents.

The difference between the normalised net profit and the reported net profit is explained by two factors:

- The impact of lower than theoretical win rates in the International Rebate Business (IRB) in the Casinos division was \$28 million after tax. From one year to the next, the win rates in the IRB business will vary from the theoretical win rate, both above and below. Over a longer period, the win rate is expected to average out in accordance with the theoretical win rate. In any one year, the actual win rate is therefore normalised in accordance with the theoretical win rate to assess underlying business performance.
- Non-recurring items were \$37.1 million after tax, and related largely to restructuring costs arising from various efficiency programs initiated across the Tabcorp Group.

Tabcorp Chairman Michael Robinson announced a final dividend of 47 cents per share, taking the full year dividend to 94 cents per share, up 5.6 percent on the previous year. He said that the financial performance of the company in 2007 had been unacceptable, and that the challenges that the company faces are recognised and are being addressed by the new Chief Executive Officer. The increase in the full year dividend reflects the Board's confidence that profit growth will return.

The dividend will be fully franked and payable on 8 October 2007 to shareholders registered on the books at 3 September 2007.

Chief Executive Officer Elmer Funke Kupper said: "It's been a difficult year for us. Expense growth and operational surprises turned modest revenue growth into a poor bottom line result.

"Tabcorp has three very strong customer businesses in Casinos, Wagering and Gaming - each leading in the Australian market. We need to run these businesses better and deliver higher returns to our shareholders.

* * * * *

"We have put plans in place that will improve customer service, drive organic growth and control expenses."

In 2006/07, each division performed below expectations. Measured in Earnings Before Interest and Tax (EBIT), normalised and before non-recurring items the results were:

- Casinos: EBIT \$386.2 million, down 5.1 percent.

The decline in profit in Casinos was caused by the transition to smoke free venues in Queensland, and higher expenses.

Tabcorp maintained its market share in Queensland and improved its position in the Gold Coast market, following the completion of a \$53 million refurbishment of Conrad Jupiters.

During the year, further casino investments were approved, including the refurbishment of the Endeavour Room in Star City and hotel room upgrades for the Gold Coast and Star City. "These investments are part of an important program to make each of the casinos a world class entertainment destination and increase the number of customers visiting our casinos," Mr Funke Kupper said. "At the top end of the market this strategy has been working well for us with turnover more than doubling in the International Rebate Business. This provides Tabcorp with attractive growth, even if in 2007 our win rates were lower than the theoretical win rate. Over time the win rates level out."

- Wagering: EBIT \$253.7 million, down 5.5 percent.

Operating revenues grew 4.4 percent, reflecting the continuing strong performance in Victoria and growth in Sportsbetting. This was offset by continued slow growth in New South Wales.

During the year Tabcorp changed its wagering systems. While these changes helped deliver higher revenue growth, the implementation did not go as planned and costs were higher than forecast. These higher technology costs, together with the costs of the settlement of the split-picture dispute with ThoroughVision (TVN), led to a 17.7 percent increase in expenses.

Tabcorp worked closely with the racing industries in Victoria and New South Wales to ensure that they could continue to increase prize money. As a result, Tabcorp was able to contribute a record \$526.7 million of income to the racing industry in 2006/07.

- Gaming: EBIT \$262.1 million, up 1.0 percent.

Operating revenues grew by 3.4 percent, driven by a stronger second half performance and continued market share growth in Victoria. In June 2007, Victorian market share was up to 51.3 percent, reflecting the continued investment in gaming products and customer service by Tabcorp and its venue partners.

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An important objective for the year was to prepare for the introduction of smoke free venues in Victoria from 1 July 2007. Some 251 Tabaret venues now offer outdoor smoking lounges, giving the company the best possible chance of mitigating the potential impact on turnover.

Tabcorp outlook

Mr Funke Kupper said it was clear that expense growth needed to be contained and that the company needed to get much closer to customers and its industry stakeholders.

"Divisions will be accountable to control their expenses, and we expect that our expense performance will improve in 2008. Already we have implemented a simpler, flatter structure and significantly reduced the size of our head office."

He said 2008 would be another challenging year for Tabcorp, following the introduction of 100% indoor smoking bans in Victoria and New South Wales, and a further increase in the gaming machine levy by the Victorian Government.

2008 earnings (normalised and before non-recurring items) are expected to be broadly in line with 2007, with the second half benefiting from the improvement initiatives currently under way.

"We have prepared well for the introduction of smoke free venues and the early signs are encouraging. Together with improved expense management, we will be in a strong position to regain Tabcorp's previously consistent growth trajectory in 2009," Mr Funke Kupper said.

For more information:

Financial analysts: Matt Bekier, Chief Financial Officer, 03 9868 2195
Media: Bruce Tobin, Group GM Corporate Affairs, 03 9868 2508

* * * * *

Tabcorp 2007 financial results

- Normalised and before non-recurring items
 - Net operating revenue \$3,881.7 million, up 3.2%
 - Earnings Before Interest and Tax (EBIT) \$895.5 million, down 3.0%
 - Net profit after tax \$515.6 million, down 3.8%
 - Earnings per share (EPS) 98.2 cents, down 3.8%
- Reported
 - Net operating revenue \$3,835.0 million, up 1.5%
 - Net profit after tax \$450.4 million, down 17.1%
 - Earnings per share (EPS) 85.8 cents, down 17.1%
- Dividend per share, fully franked
 - Final dividend 47 cents, up 4.4%
 - Full year dividend 94 cents, up 5.6%
- Segment EBIT, normalised and before non-recurring items:
 - Casinos: \$386.2 million, down 5.1%
 - Wagering: \$253.7 million, down 5.5%
 - Gaming: \$262.1 million, up 1.0%
- Taxes on gambling paid by Tabcorp businesses, including the gaming machine levy \$1,242.8 million, up 2.9%
- Income generated for VIC and NSW racing \$526.7 million, up 4.7%
- Contribution to State community benefit funds \$86.1 million, up 2.3%

* * * * *

\$m	Actual 12 months to 30 June 2007 ¹	Actual 12 months to 30 June 2006 ¹	Change
Net operating revenue			
Casinos normalised	1335.9	1311.6	1.9%
Impact of above/(below) theoretical	(44.6)	18.6	NA
Casinos	1291.3	1330.1	(2.9)%
Wagering	1466.2	1405.0	4.4%
Gaming	1081.8	1046.6	3.4%
EBIT			
Casinos normalised	386.2	406.8	(5.1)%
Impact of above/(below) theoretical	(40.1)	16.5	NA
Casinos	346.2	423.3	(18.2)%
Wagering	253.7	268.4	(5.5)%
Gaming	262.1	259.6	1.0%

Notes:

1. Excludes non-recurring items

Appendix 4E

Preliminary final report

Name of entity	ABN Reference
TABCORP HOLDINGS LIMITED	66 063 780 709

1. Reporting periods

financial year ended
(‘current period’)

30 June 2007

financial year ended
(‘previous corresponding period’)

30 June 2006

2. Results for announcement to the market

	Current period \$'m	Previous corresponding period \$'m	% Change Increase/(decrease)	Amount Increase/(decrease) \$'m
Key Information				
Revenues from ordinary activities	3,883.7	3,834.8	1%	48.9
Profit from ordinary activities after tax attributable to members	450.4	543.4	(17%)	(93.0)
Net profit (loss) for the period attributable to members	450.4	543.4	(17%)	(93.0)
Dividends (distributions)			Amount per security	Franked amount per security at 30% tax
Final dividend	Record Date Payable	3 September 2007 8 October 2007	47.0 ¢	47.0 ¢
Interim dividend	Paid	11 April 2007	47.0 ¢	47.0 ¢
Supplementary comments Refer to the Directors' report and audited Financial report for the year ended 30 June 2007 for an explanation of the above figure				
3. Statement of financial performance Refer to the Income statement in the audited Financial Report for the year ended 30 June 2007.				
4. Statement of financial position Refer to the Balance sheet in the audited Financial Report for the year ended 30 June 2007.				
5. Statement of cash flows Refer to the audited Financial Report for the year ended 30 June 2007.				

6. Dividends

	Date paid/payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend	Amount \$m	
Final dividend:	Current year	8 October 2007	47.0 ¢	47.0 ¢	0.00 ¢	246.7
	Previous year	9 October 2006	45.0 ¢	45.0 ¢	0.00 ¢	236.2
Interim dividend:	Current year	11 April 2007	47.0 ¢	47.0 ¢	0.00 ¢	246.8
	Previous year	10 April 2006	44.0 ¢	44.0 ¢	0.00 ¢	231.0

Total dividend per share (interim *plus* final)

Ordinary shares

Current year	Previous year
94.0 ¢	89.0 ¢

7. Dividend reinvestment plans

The dividend reinvestment plan shown below is in operation.

The dividend reinvestment plan (DRP) commenced with the interim dividend paid in April 2004.

No brokerage, commission or other transaction costs will be payable by participants on shares acquired under the DRP.

There is no discount currently applicable to shares issued under the DRP.

Shares required to be issued to DRP participants will be acquired by Tabcorp on market over the ten business days beginning on the second business day after the relevant dividend record date.

The last date for receipt of election notices for the dividend reinvestment plan

3 September 2007

8. Statement of Retained Earnings

Refer to Note 20 of the audited Financial Report for the year ended 30 June 2007.

9. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share (\$)	-2.89	-2.94
Net tangible asset backing per ordinary share including licences (\$)	-0.56	-0.60

10. Controlled entities

Refer to Note 29 of the audited Financial Report for the year ended 30 June 2007.

11. Associates and Joint Ventures

The economic entity does not operate a Joint Venture entity but rather a Joint Venture operation. Refer to Note 1(d) and Note 28 of the audited Financial Report for the year ended 30 June 2007.

12. Other significant information

Refer to the Directors' report and audited Financial Report for the year ended 30 June 2007.

13. Foreign entities

N/A

14. Commentary**14.1 Earnings per security**

Refer to Note 6 of the audited Financial Report for the year ended 30 June 2007.

14.2 Returns to shareholders including distributions and buy backs

Refer to the audited Financial Report for the year ended 30 June 2007.

Note 5 - Dividends

Note 20 - Capital and reserves

14.3 -14.5 Significant features of operating performance

Refer to the Directors' report and audited Financial Report for the year ended 30 June 2007 and the Media Release lodged with the Australian Securities Exchange on 23 August 2007.

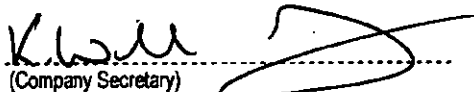
14.6 Other factors which have affected or likely to affect the results

Refer to the Directors' report and audited Financial Report for the year ended 30 June 2007.

15. Compliance statement

This report should be read in conjunction with the attached Directors' report and audited Financial Report for the year ended 30 June 2007.

Sign here:


(Company Secretary)

Date: 23 August 2007

Print name:

KERRY WILLCOCK



TABCORP HOLDINGS LIMITED AND CONTROLLED ENTITIES

**DIRECTORS' REPORT AND
FINANCIAL REPORT**

**FOR THE YEAR ENDED
30 JUNE 2007**

A.B.N. 66 063 780 709

ASX CODE: TAH

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Company directory

Directors

Michael Robinson AO	Chairman and Non Executive Director
Elmer Funke Kupper	Managing Director and Chief Executive Officer (subject to regulatory approval)
Anthony Hodgson AM	Deputy Chairman and Non Executive Director
Paula Dwyer	Non Executive Director
John O'Neill AO	Non Executive Director (subject to regulatory approval)
Philip Satre	Non Executive Director
John Story	Non Executive Director
Zygmunt Switkowski	Non Executive Director

Company Secretary

Kerry Willcock

Registered office

5 Bowen Crescent
Melbourne VIC 3004
Australia
Telephone: 03 9868 2100

Share registry

Link Market Services Limited
Level 9, 333 Collins Street
Melbourne VIC 3000
Australia
Telephone: 1300 665 661 (local call cost within Australia)
Telephone: 02 8280 7418
Website: www.linkmarketservices.com.au

Auditor

Ernst & Young

Corporate information

Tabcorp Holdings Limited ("the Company") is a company limited by shares that is incorporated and domiciled in Australia.

Stock exchange listings

The Company's shares are quoted on the Australian Securities Exchange (ASX) under the code "TAH".

In the United States of America, the Company's shares are traded in the form of sponsored American Depositary Receipts (ADR).

Annual reports

The Company's annual report is distributed to shareholders with the final dividend. Copies of annual reports are available from the Company's website at www.tabcorp.com.au when published.

Currency

References to currency are in Australian dollars unless otherwise stated.

Directors' report

The Directors of Tabcorp Holdings Limited ("the Company") submit their report for the consolidated entity comprising the Company and its controlled entities (collectively referred to as "the Tabcorp Group") in respect of the financial year ended 30 June 2007.

1. Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report (except as otherwise stated) are set out below.

Name	Qualifications, experience and special responsibilities
Current	
Michael Robinson AO	<p><i>Chairman and Non Executive Director since June 1994</i></p> <p>Michael Robinson was a Partner of the law firm Allens Arthur Robinson until his retirement on 31 December 2003. Mr Robinson remains a consultant to the firm. He was the Senior Partner of Arthur Robinson and Hedderwicks from 1996 to 2001 and was its Managing Partner from 1980 to 1988. Mr Robinson is a Trustee of the Epworth Medical Foundation and a Director of the State Orchestra of Victoria, Clough Limited and the General Sir John Monash Foundation.</p> <p>Mr Robinson is Chairman of the Tabcorp Nomination Committee and is a member of the Tabcorp Audit Committee, Tabcorp Remuneration Committee and the Tabcorp Risk and Compliance Committee.</p> <p>Mr Robinson will retire as a Director at Tabcorp's Annual General Meeting in November 2007.</p>
Elmer Funke Kupper	<p><i>Managing Director and Chief Executive Officer since July 2007 (subject to regulatory approval)</i></p> <p>Elmer Funke Kupper joined Tabcorp in February 2006 as Chief Executive Australian Business. In July 2007 he was appointed as Managing Director and Chief Executive Officer, subject to regulatory approval, after four months as Acting Chief Executive Officer.</p> <p>Prior to joining Tabcorp he held several senior executive positions with the Australia and New Zealand Banking Group, including Group Managing Director Asia Pacific and Managing Director Personal Banking and Wealth Management. He was also a senior management consultant with McKinsey & Company and AT Kearney.</p> <p>Following the receipt of all necessary regulatory approval, he will be appointed as an Executive Director.</p>
Anthony Hodgson AM	<p><i>Deputy Chairman and Non Executive Director since June 1994</i></p> <p>Anthony Hodgson was the co-founder, and former Senior Partner, of the chartered accounting firm Ferrier Hodgson. Mr Hodgson is a Director of Coles Group Limited and Collins Associates Limited. He is also a member of the Advisory Board at Visy Industrial Packaging Holdings Pty Ltd and a member of the Advisory Council at JPMorgan.</p> <p>Mr Hodgson was Chairman of the Tabcorp Audit Committee during the financial year until 30 June 2007. He remains a member of the Tabcorp Audit Committee, and is a member of the Tabcorp Nomination Committee and the Tabcorp Risk and Compliance Committee.</p>

Name	Qualifications, experience and special responsibilities
Paula Dwyer	<p><i>Non Executive Director since August 2005</i></p> <p>Paula Dwyer brings to the Board her extensive experience in investment banking and investment management. Ms Dwyer is a Director of Suncorp-Metway Limited, Babcock and Brown Japan Property Management Limited and Alpha Investment Management Pty Ltd. In the not-for-profit sector, she is a Director of CCI Investment Management Limited and the Vice President of the Baker Heart Research Institute. Ms Dwyer is a former member of the Victorian Casino and Gaming Authority and of the Victorian Gaming Commission from 1993-1995.</p> <p>Ms Dwyer was a member of the Tabcorp Audit Committee during the financial year ended 30 June 2007, and became Chairman of that Committee on 1 July 2007. She is also a member of the Tabcorp Nomination Committee, the Tabcorp Risk and Compliance Committee, and became a member of the Tabcorp Remuneration Committee in November 2006.</p>
John O'Neill AO	<p><i>Will be appointed as a Non Executive Director following regulatory approval</i></p> <p>John O'Neill is Managing Director and Chief Executive Officer of Australian Rugby Union Limited, and is a Director of Amalgamated Holdings Limited.</p> <p>He is a former Chief Executive Officer of Football Federation Australia and was Managing Director and Chief Executive Officer of the State Bank of New South Wales and Chairman of the Australian Wool Exchange Limited. Mr O'Neill is a Foundation Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Bankers.</p>
Philip Satre	<p><i>Non Executive Director since June 2000</i></p> <p>Philip Satre was Chairman of Harrah's Entertainment, Inc., one of the world's largest gambling companies, from January 1997 to December 2004. In the United States of America, Mr Satre is a Director of the National Centre for Responsible Gaming, Sierra Pacific Resources, Nordstrom Inc. and Rite Aid Corporation, and a member of the Board of Trustees of Stanford University.</p> <p>Mr Satre is a member of the Tabcorp Audit Committee and the Tabcorp Risk and Compliance Committee.</p>
John Story	<p><i>Non Executive Director since January 2004</i></p> <p>John Story was previously a Director of Jupiters Limited and former Chairman and Partner of the law firm Corrs Chambers Westgarth. He is Chairman of Suncorp-Metway Limited and Chairman of the Board of the Australian Institute of Company Directors and is a Director of CSR Limited. He is also a Member of the Senate of the University of Queensland and Commissioner of the Service Delivery and Performance Commission (Queensland).</p> <p>Mr Story is Chairman of the Tabcorp Risk and Compliance Committee and also a member of the Tabcorp Audit Committee.</p> <p>Mr Story will become Chairman following Michael Robinson's retirement at Tabcorp's Annual General Meeting in November 2007.</p>
Zygmunt Switkowski	<p><i>Non Executive Director since October 2006</i></p> <p>Zygmunt Switkowski was the Chief Executive Officer and Managing Director of Telstra Corporation Limited from 1999 to mid 2005, and is a former Chief Executive Officer of Optus Communications. He worked for Kodak (Australasia) for 18 years, serving as the Chairman and Managing Director from 1992-1996. Dr Switkowski is a Director of Suncorp-Metway Limited and Healthscope Limited, and is Chairman of the Australian Nuclear Science and Technology Organisation.</p> <p>Dr Switkowski commenced as Chairman of the Tabcorp Remuneration Committee in November 2006. He also commenced as a member of the Tabcorp Audit Committee and the Tabcorp Risk and Compliance Committee in October 2006.</p>

Name	Qualifications, experience and special responsibilities
Former	
Matthew Slatter	<p><i>Managing Director and Chief Executive Officer from October 2002 to March 2007</i></p> <p>Matthew Slatter commenced as Managing Director and Chief Executive Officer in October 2002 and ceased employment on 14 March 2007. Mr Slatter was previously Chief Financial Officer and Director of AXA Asia Pacific Holdings Limited and has over 20 years' experience in the financial services industry in Australia, New Zealand and the United Kingdom. Immediately prior to joining AXA, he was Chief Executive of the Bank of Melbourne Limited, responsible for its integration with Westpac Limited, and held general management positions at Westpac Limited, Lloyds TSB and the National Bank of New Zealand Limited. Mr Slatter was also Chairman of the Australian Gaming Council.</p>
Richard Warburton AO	<p><i>Non Executive Director from June 2000 to November 2006</i></p> <p>Richard Warburton was formerly Chairman of Star City Holdings Limited. At the time of his retirement at Tabcorp's 2006 Annual General Meeting, he was Chairman of Caltex Australia Limited, Tandou Limited and the Board of Taxation; a Director of Nufarm Limited and Citibank Pty Ltd; International Chairman of the Commonwealth Study Conference; a Director of the Garvan Research Foundation; and an Honorary Trustee of the Committee for Economic Development of Australia (CEDA).</p> <p>Mr Warburton was Chairman of the Tabcorp Remuneration Committee during the financial year until November 2006. He was also a member of the Tabcorp Audit Committee, Tabcorp Nomination Committee and the Tabcorp Risk and Compliance Committee during the financial year until November 2006.</p>
Lawrence Willett AO	<p><i>Non Executive Director from January 2004 to November 2006</i></p> <p>Lawrence Willett was previously Chairman of Jupiters Limited. At the time of his retirement at Tabcorp's 2006 Annual General Meeting, he was a past National President of the Property Council of Australia; a Director of ANZ Executors and Trustee Company Limited, Commonwealth Club Limited and Sustainable Tourism Holdings Limited; and Chancellor of Charles Sturt University.</p> <p>Mr Willett was a member of the Tabcorp Remuneration Committee, Tabcorp Audit Committee and the Tabcorp Risk and Compliance Committee during the financial year until November 2006.</p>

2. Changes to the Board's composition

Elmer Funke Kupper

On 13 July 2007, the Tabcorp Group announced the appointment of Mr Funke Kupper as Managing Director and Chief Executive Officer. Mr Funke Kupper's appointment as an Executive Director is subject to receiving all necessary regulatory approvals.

John O'Neill

On 5 April 2007, the Tabcorp Group announced the appointment of Mr O'Neill as an additional Non Executive Director. Mr O'Neill's appointment is subject to receiving all necessary regulatory approvals.

Zygmunt Switkowski

Dr Switkowski commenced as a Non Executive Director on 2 October 2006 following the receipt of all necessary regulatory approvals.

Matthew Slatter

Mr Slatter ceased as Managing Director and Chief Executive Officer on 14 March 2007.

Richard Warburton

Mr Warburton retired as a Non Executive Director on 27 November 2006 at the conclusion of the Company's Annual General Meeting.

Lawrence Willett

Mr Willett retired as a Non Executive Director on 27 November 2006 at the conclusion of the Company's Annual General Meeting.

3. Directorships of other listed companies

The following table shows, for each person who served as a Director during the financial year and up to the date of this report, all directorships of companies that were listed on the ASX or other financial markets operating in Australia, other than Tabcorp, since 1 July 2004, and the period for which each directorship has been held.

Name	Listed company	Period directorship held
Current		
Michael Robinson	Clough Limited Tab Limited ^(v)	January 2002 to present July 2004 to September 2004
Elmer Funke Kupper ⁽ⁱ⁾	Nil	
Anthony Hodgson	Coles Group Limited Tab Limited ^(v)	July 2003 to present July 2004 to October 2004
Paula Dwyer	Babcock & Brown Japan Property Trust ^(vi) David Jones Limited Promina Group Limited ^(vii) Suncorp-Metway Limited ^(vii)	February 2005 to present November 2003 to December 2006 February 2003 to June 2007 April 2007 to present
John O'Neill ⁽ⁱ⁾	Amalgamated Holdings Limited STW Communications Group Limited	December 2006 to present February 2007 to June 2007
Philip Satre	Nil	
John Story	Advanced Magnesium Limited CSR Limited Suncorp-Metway Limited	November 2001 to May 2005 April 2003 to present January 1995 to present
Zygmunt Switkowski ⁽ⁱⁱ⁾	Healthscope Limited Suncorp-Metway Limited Telstra Corporation Limited	January 2006 to present September 2005 to present March 1999 to June 2005
Former		
Matthew Slatter ⁽ⁱⁱⁱ⁾	Tab Limited ^(v)	July 2004 to March 2007
Richard Warburton ^(iv)	Caltex Australia Limited Nufarm Limited Tandou Limited	July 1999 to present October 1993 to present April 2004 to present
Lawrence Willett ^(iv)	Nil	

(i) Appointment as a Director is subject to receiving all necessary regulatory approvals. Mr Funke Kupper is a Director of Tab Limited, however he was not a Director of Tab Limited while Tab Limited was listed on the ASX – also refer to note (v) below.

(ii) Commenced as a Director of Tabcorp Holdings Limited on 2 October 2006, following the receipt of all necessary regulatory approvals.

(iii) Ceased as Managing Director and Chief Executive Officer of Tabcorp Holdings Limited on 14 March 2007. The directorships disclosed above were applicable at that time.

(iv) Retired as a Director of Tabcorp Holdings Limited on 27 November 2006. The directorships disclosed above were applicable at that time.

(v) Tabcorp gained management control of Tab Limited in July 2004 pursuant to a takeover offer. Tab Limited was removed from the official list of the ASX in August 2004 following Tabcorp's acquisition of all its shares.

(vi) Ms Dwyer is a Director of Babcock & Brown Japan Property Management Limited, which is the company responsible for managing the Babcock & Brown Japan Property Trust.

(vii) Ms Dwyer was a Director of Promina Limited, which was listed on the ASX until 29 June 2007, when it was removed following Suncorp-Metway Limited's acquisition of all its shares.

4. Company Secretary

Kerry Willcock joined Tabcorp in February 2005. She holds a Bachelor of Arts and a Bachelor of Laws, and is a qualified mediator. She has extensive commercial, legal, litigation and government relations experience having worked with Arthur Robinson and Hedderwicks, Clayton Utz and, most recently, the Australian Postal Corporation, where she held the position of General Counsel.

5. Principal activities

The principal activities of the Tabcorp Group during the financial year comprised the provision of leisure and entertainment services (particularly in relation to gambling and hospitality). The Tabcorp Group's principal activities remain unchanged from the previous year, except as disclosed elsewhere in this report.

6. Financial results

Consolidated profit after income tax of the Tabcorp Group for the financial year was \$450.4 million, which was 17.1% below the previous financial year.

Earnings before interest and tax (EBIT) was \$803.3 million, which was 5.7% below the previous financial year.

Net operating revenue was \$3,835.0 million, which was 1.5% above the previous financial year.

7. Earnings per share

Basic earnings per share for the period were 85.8 cents, down 17.1% on the previous financial year.

Diluted earnings per share for the period were 85.6 cents, down 17.1% on the previous financial year.

Earnings per share is disclosed in note 6 to the financial statements.

8. Dividends

A final dividend of 47 cents per ordinary share has been declared, an increase of two cents on the previous final dividend and the same as the previous interim dividend. The final dividend will be fully franked and payable on 8 October 2007 to shareholders registered at 3 September 2007. The ex-dividend date is 28 August 2007.

The following dividends (including any special dividends) have been paid, declared or recommended by the Company since the end of the preceding financial year:

Dividend	\$m
Final 2007	
Final fully franked dividend for 2007 of 47 cents per share on ordinary shares as declared by the Directors on 23 August 2007 with a record date of 3 September 2007 and payable on 8 October 2007.	246.7
Interim 2007	
Interim fully franked dividend for 2007 of 47 cents per share on ordinary shares as declared by the Directors on 21 February 2007 with a record date of 5 March 2007 and paid on 11 April 2007.	246.8
Final 2006	
Final fully franked dividend for 2006 of 45 cents per share on ordinary shares as declared by the Directors on 24 August 2006 with a record date of 4 September 2006 and paid on 9 October 2006.	236.2

Further information regarding dividends may be found in note 5 to the financial statements.

9. Review of operations

The divisional structure of the Tabcorp Group was revised from 1 June 2007 to enable greater focus on the Wagering and Gaming operations, which resulted in the removal of the Australian Business layer.

The Tabcorp Group divisional structure comprises the following four divisions:

- Casinos;
- Wagering;
- Gaming; and
- International.

The activities and results for these four divisions are discussed below.

Further details about the corporate restructure are contained in section 10.8 of this report.

9.1. Casinos division

The Tabcorp Group operates four hotel and casino properties: Star City in Sydney; Conrad Jupiters on the Gold Coast; Conrad Treasury in Brisbane; and Jupiters Townsville. In addition, the Tabcorp Group manages the Gold Coast Convention and Exhibition Centre, and has an interest in and manages the Townsville Entertainment and Convention Centre.

The Casinos division achieved EBIT of \$333.9 million, which was 21.3% below the previous financial year. The division's operating revenue decreased by 2.9% to \$1,286.6 million.

9.2. Wagering division

The Tabcorp Group conducts wagering activities throughout Victoria and New South Wales in a network of agencies, hotels and clubs, and provides on course totalizators at thoroughbred, harness and greyhound metropolitan and country race meetings.

In addition, totalizator and fixed odds betting is offered on sporting events.

The Tabcorp Group also has specialist television and radio operations focused on the racing industry and other sporting activities, which include: Sky Channel, the national commercial satellite racing broadcaster; the Sky Radio Network, with 2KY in Sydney and narrowcast stations throughout New South Wales; and other domestic and international broadcasting services.

The Wagering division achieved EBIT of \$225.7 million, which was 5.8% below the previous financial year. Operating revenue for the Wagering division increased by 4.3% to \$1,464.1 million.

9.3. Gaming division

In Victoria, the Tabcorp Group owns and operates electronic gaming machines (EGMs) in licensed hotels and clubs under the Tabaret brand, as well as operating Club Keno games through a joint venture arrangement. In addition, the Tabcorp Group operates Keno in New South Wales and Queensland.

The Gaming division achieved EBIT of \$251.1 million, which was 2.4% below the previous financial year. Operating revenue for the Gaming division increased by 3.4% to \$1,081.8 million.

9.4. International division

The Tabcorp Group has a 67% interest in a joint venture to provide systems and support services to the lottery market in the People's Republic of China (PRC). The rollout of the commercial pilot for the Keno lottery system in the PRC continues.

The division incurred a loss before interest and income tax expense of \$6.5 million (loss of \$16.1 million in the prior financial year).

10. Significant changes in the state of affairs

The following events, which may be considered to be significant changes in the state of affairs of the Tabcorp Group, have occurred since the start of the financial year.

10.1. Sky Channel and TVN

On 16 August 2006 the Australian Competition and Consumer Commission (ACCC) informed Tabcorp and thoroughbred racing broadcaster ThoroughVision Pty Ltd (TVN) that, in its view, proposed long term arrangements between Sky Channel Pty Ltd (a wholly owned subsidiary of Tabcorp) and TVN would be likely to raise competition law concerns in the market for the acquisition of thoroughbred racing broadcasting rights. The ACCC noted that, if the parties wished to put in place the proposed long term arrangements, they may wish to consider seeking a formal authorisation from the ACCC for those arrangements on the grounds that they provide public benefit.

On 1 February 2007 Tabcorp/Sky and TVN announced that they had agreed to revised long term arrangements for the broadcasting of thoroughbred racing on Sky Channel and TVN. Tabcorp/Sky and TVN sought formal authorisation for the revised arrangements from the ACCC. Authorisation was received from the ACCC in July 2007.

Tabcorp/Sky and TVN have agreed that the revised long term broadcasting arrangements will come into effect on 1 September 2007. These arrangements, which are in force to 31 December 2012, cover a range of matters including media rights, Tabcorp's distribution of TVN on non-exclusive basis and production outsource arrangements under which Sky will produce TVN.

10.2. Conrad Jupiters refurbishments

During the financial year, a \$53 million refurbishment was completed at the Conrad Jupiters hotel and casino property on the Gold Coast. The refurbishment resulted in an expanded gaming floor and new facilities, including balconies, a restaurant, an entertainment precinct and two bars.

A further \$16 million will be spent on refurbishing hotel rooms, which is scheduled for completion by the end of December 2007.

These refurbishments will deliver a new level of comfort for Conrad Jupiters' customers and ensure the property remains one of the best hotel and casino destinations in Australia.

10.3. Victorian gaming levy

The Victorian Government announced in March 2007 that the annual levy on Victorian EGMs will be increased from \$3,033 to \$4,333 per EGM, commencing 1 July 2007. This will increase the taxes paid by Tabcorp on its 13,750 EGMs, which is worth an additional \$17.9 million a year to the Victorian Government.

10.4. Changes to the Board of Directors

John Story will become Chairman of the Tabcorp Group following Michael Robinson's retirement at Tabcorp's Annual General Meeting in November 2007.

A number of other changes have occurred to the composition of the Board since 1 July 2006, which are disclosed in section 2 of this report.

10.5. Change of Managing Director and Chief Executive Officer

Elmer Funke Kupper was appointed as Managing Director and Chief Executive Officer on 13 July 2007, subject to receiving all necessary regulatory approvals. His appointment follows Matthew Slatter's cessation as Managing Director and Chief Executive Officer of the Tabcorp Group on 14 March 2007.

10.6. Revitalising the New South Wales TAB retail network

On 19 December 2006, the Tabcorp Group announced a plan to revitalise the New South Wales TAB retail network. The program aims to enhance the customer experience, grow the wagering business and strengthen financial returns in New South Wales. A total of \$50 million will be invested in the New South Wales retail network over five years to deliver better customer facilities with more space, more information for customers, greater comfort, new self-service terminals and big screen televisions for racing vision.

10.7. Takeover offer for UNiTAB Limited (UNiTAB)

At the start of the financial year, the Tabcorp Group was progressing with its takeover offer for UNiTAB, the Brisbane based wagering and gaming company. On 16 August 2006, the ACCC announced that it would oppose the proposed takeover and, as a consequence, Tabcorp decided not to proceed with its takeover offer for UNiTAB.

10.8. Corporate restructure

As part of a strategic review of its operations, the Tabcorp Group adopted a new divisional structure at the start of the financial year, which grouped operations into the Australian Business division, Casinos division and the International division. This is referred to in section 9 of this report.

From 1 July 2007, the Australian Business layer was removed from the Group's organisational structure. This change recognises the importance of the Wagering and Gaming operations as stand alone divisions, and will provide greater focus on optimising the operations, cost control and performance of these divisions.

The Tabcorp Group also announced that a shared services centre would be located in Melbourne, providing finance and human resources functions across the Tabcorp Group, the devolution of technical services responsibilities to the business divisions and streamlining of corporate functions. This will be completed within the 07/08 financial year.

This restructure aims to accelerate growth opportunities and create greater efficiencies across the Tabcorp Group.

10.9. Other significant changes in the state of affairs

There were no significant changes in the state of affairs of the Tabcorp Group that occurred during the financial year other than as set out in this Directors' report.

11. Business strategies

Tabcorp is Australia's premier gambling and entertainment group and aspires to be one of the best performing gambling and entertainment groups in the world. To achieve this aspiration, Tabcorp's priorities are:

- Improve customer service, particularly in Wagering;
- Focus on organic growth and market share gains in each business;
- Drive continued productivity and efficiency gains across the Group;
- Make the investments that support medium term growth, particularly in New South Wales; and
- Secure the renewal of the Victorian gaming, wagering and Keno licences.

12. Significant events after the end of the financial year

No matters or circumstances have arisen since the end of the financial year which are not otherwise dealt with in this report or in the financial statements, that have significantly affected or may significantly affect the operations of the Tabcorp Group, the results of those operations or the state of affairs of the Tabcorp Group in subsequent financial years. Refer also to note 31 to the financial statements.

13. Likely developments and expected results

The Tabcorp Group will continue with its strategies, as set out in this report.

The Directors have excluded from this report any further information on the likely developments in the operations of the Tabcorp Group and the expected results of those operations in future financial years, as the Directors have reasonable grounds to believe that to include such information will be likely to result in unreasonable prejudice to the Tabcorp Group.

14. Auditor

The Tabcorp Group's external auditor is Ernst & Young. A co-sourced internal audit function has been developed and implemented which is resourced jointly between the Tabcorp Group and KPMG. More information relating to the audit functions can be found in the corporate governance statement of the concise annual report when published.

15. Directors' interests in contracts

Some Directors of the Company, or related entities of the Directors, conduct transactions with entities within the Tabcorp Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or Director-related entity on normal commercial terms and conditions.

16. Environmental regulation and performance

The Tabcorp Group's environmental obligations and waste discharge quotas are regulated under both state and federal law. The Tabcorp Group has a record of complying with, and in most cases exceeding, its environment performance obligations.

No environmental breaches have been notified to the Tabcorp Group by any government agency.

In March 2007, the Tabcorp Group registered for the Federal Government's Energy Efficiency Opportunities initiative. The new Energy Efficiency Opportunities legislation, which was introduced in 2006, will require companies that use over 0.5 petajoules of energy per annum to assess and report on their energy use and practices. The Tabcorp Group is required to report publicly for the first time by 31 December 2008. The environmental performance obligations for the Casinos division are overseen by an Executive Environmental Committee and are subject from time to time to government review.

Each hotel and casino property has environmental management plans and procedures representing best practice standards, which assist in maintaining high levels of environmental regulation and performance.

17. Risk management

The Tabcorp Group has a structured and proactive approach to understanding and managing risk. The key focus of the risk management approach is to align strategy, processes, people, technology and knowledge with evaluating and managing the uncertainties and opportunities faced by the Tabcorp Group. Overviews of the Tabcorp Group's risk management processes and internal control framework are disclosed in the corporate governance statement of the concise annual report when published.

18. Directors' interests in Tabcorp securities

At the date of this report (except as otherwise stated), the Directors had the following relevant interests in the securities of the Company, as notified to the ASX in accordance with Section 205G(1) of the Corporations Act 2001:

Name	Ordinary Shares	Options	Performance Options	Share Rights	Deferred Shares
Current					
Michael Robinson	45,565	-	-	-	-
Elmer Funke Kupper ⁽ⁱ⁾	38,800	-	236,126	15,000	58,200
Anthony Hodgson	100,170	-	-	-	-
Paula Dwyer	20,000	-	-	-	-
Philip Satre	8,000	-	-	-	-
John Story	13,149	-	-	-	-
Zygmunt Switkowski	33,800	-	-	-	-
Former					
Matthew Slatter ⁽ⁱⁱ⁾	2,000,000 ⁽ⁱⁱⁱ⁾	1,000,000 ^(iv)	660,042 ^(v)	29,943 ^(v)	71,130 ^(vi)
Richard Warburton ^(vii)	23,456	-	-	-	-
Laurence Willett ^(vii)	2,990	-	-	-	-

- (i) Appointed as Managing Director and Chief Executive Officer on 13 July 2007, subject to receiving all necessary regulatory approvals. The Tabcorp securities disclosed above were issued to Mr Funke Kupper while he was a Tabcorp executive, before he was appointed as Managing Director and Chief Executive Officer.
- (ii) Ceased as Managing Director and Chief Executive Officer on 14 March 2007. The number of Tabcorp securities disclosed above was applicable at the time of his cessation as Managing Director and Chief Executive Officer, and excluding those Performance Options and Share Rights which lapsed. Refer to section F9.2 of the Remuneration report for further information about these Options, Performance Options and Share Rights.
- (iii) Upon commencement of employment Mr Slatter was provided with a loan to acquire 500,000 ordinary shares on the terms and conditions set out in the rules of the Tabcorp Senior Executive Long Term Incentive Plan. In addition, Mr Slatter was provided with 1,500,000 Options upon commencement of employment as recognition for forfeiting option entitlements from a previous employer. Mr Slatter has exercised all of these Options.
- (iv) Upon commencement of employment Mr Slatter was issued one million Options, which vest only if certain annual and cumulative benchmarks are achieved. Refer to section F9.2 of the Remuneration report for further information about these Options.
- (v) Performance Options and Share Rights were issued pursuant to the Company's long term incentive scheme. Refer to section F5.3 of the Remuneration report for further information about the long term incentive scheme. Also refer to section F9.2 of the Remuneration report for further information about these Performance Options and Share Rights.
- (vi) Deferred Shares were issued pursuant to the Company's short term incentive scheme. Refer to section F5.1 of the Remuneration report for further information about the short term incentive scheme. Upon cessation of employment, these securities became ordinary shares.
- (vii) Retired as Non Executive Directors on 27 November 2006 at the conclusion of the Company's Annual General Meeting. The number of Tabcorp securities disclosed above was applicable at the time of their retirement.

John O'Neill will be appointed as a Non Executive Director following the receipt of all necessary regulatory approvals. His relevant interests in Tabcorp securities will be disclosed to the ASX following his appointment as a Director.

19. Board and Committee meeting attendance

During the financial year ended 30 June 2007 the Company held 14 meetings of the Board of Directors, of which ten were standard Board meetings, and four Board meetings were held to discuss special business, including the Tabcorp Group's proposed takeover offer for UNITAB.

The attendance of the Directors at meetings of the Board and its Committees during the year in review were:

Name	Board of Directors		Audit Committee		Risk and Compliance Committee		Nomination Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
Current										
Michael Robinson	14	14	5	5	4	4	2	2	6	6
Anthony Hodgson	13	14	5	5	4	4	2	2	-	-
Paula Dwyer	14	14	5	5	4	4	2	2	2	2
Philip Satre	13	14	4	5	3	4	-	-	-	-
John Story	14	14	5	5	4	4	-	-	-	-
Zygmunt Switkowski ⁽ⁱ⁾	10	10	3	3	3	3	-	-	3	3
Former										
Matthew Slatter ⁽ⁱⁱ⁾	11	11	4	4	2	2	2	2	5	5
Richard Warburton ⁽ⁱⁱⁱ⁾	5	6	3	3	2	2	1	1	4	4
Lawrence Willett ⁽ⁱⁱⁱ⁾	6	6	3	3	2	2	-	-	4	4

A – Number of meetings attended

B – Maximum number of possible meetings available for attendance

- (i) Commenced as a Non Executive Director on 2 October 2006 following the receipt of all necessary regulatory approvals. In addition to the meetings above, during the financial year Dr Switkowski attended three Board meetings, two Audit Committee meetings and one Risk and Compliance Committee meeting as an observer whilst awaiting regulatory approval. He was not required to attend these additional meetings and could not vote on any matter at these meetings.
- (ii) Ceased as Managing Director and Chief Executive Officer on 14 March 2007. He attended meetings of Committees as stated above, although he was not a member of the Committees and therefore was not required to attend these meetings.
- (iii) Retired as a Non Executive Director on 27 November 2006 at the conclusion of the Company's Annual General Meeting.

John O'Neill will be appointed as a Non Executive Director following the receipt of all necessary regulatory approvals. During the financial year Mr O'Neill attended one Board meeting, one Audit Committee meeting and one Risk and Compliance Committee meeting as an observer. He was not required to attend these meetings and could not vote on any matter at these meetings.

Elmer Funke Kupper's appointment as Managing Director and Chief Executive Officer occurred after the conclusion of the financial year ended 30 June 2007.

The details of the functions and memberships of the Committees of the Board are set out in the corporate governance statement of the Company's Concise Annual Report when published. The terms of reference for each Board Committee are available from the Corporate Governance section of the company's website at www.tabcorp.com.au/about_governance.aspx.

20. Indemnification and insurance of Directors and Officers

The Tabcorp Group has entered into insurance contracts, which indemnify Directors and Officers of the Tabcorp Group against liabilities. In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

21. Non-statutory audit services

Ernst & Young, the external auditor to the Company and the Tabcorp Group, provided non-statutory audit related services to the Company during the financial year ended 30 June 2007. The Directors are satisfied that the provision of non-statutory audit services during this period was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-statutory audit service provided means that auditor independence was not compromised. These statements are made in accordance with advice provided by the Company's Board Audit Committee.

The Company's Board Audit Committee reviews the activities of the independent external auditor and reviews the auditor's performance on an annual basis. The Chairman of the Audit Committee must approve all non-statutory audit related work to be undertaken by the auditor (if any). Further details relating to the Audit Committee and the engagement of auditor's are available in the Corporate Governance statement contained in the Concise Annual Report when published.

Ernst & Young, acting as the Company's external auditor, received or are due to receive the following amounts in relation to the provision of non-statutory audit services to the Company:

Description of services	\$'000
Other audit services	89
Other regulatory audit services	97
Other assurance	15
Total of all non-statutory audit services	201

Amounts paid or payable by the Company for audit and non-statutory audit related services are disclosed in note 3 to the financial statements.

22. Corporate governance

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. A review of the Company's corporate governance practices was undertaken during the year. As a result, new practices were adopted and existing practices optimised to reflect best practice. The Company's corporate governance statement is contained in the Company's Concise Annual Report when published, which is also available under the corporate governance section of the Company's website at www.tabcorp.com.au/about_governance.aspx.

23. Rounding of amounts

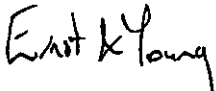
Tabcorp Holdings Limited is a company of the kind specified in Australian Securities and Investments Commission Class Order 98/0100. In accordance with that Class Order, amounts in the financial report and the Directors' report have been rounded to the nearest hundred thousand dollars unless specifically stated to be otherwise.

24. Auditor's independence declaration

Attached is a copy of the auditor's independence declaration provided under section 307C of the Corporations Act 2001 in relation to the audit for the financial year ended 30 June 2007. This auditor's independence declaration forms part of this Directors' report.

Auditor's Independence Declaration to the Directors of Tabcorp Holdings Limited

In relation to our audit of the financial report of Tabcorp Holdings Limited for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.


Ernst & Young

Tim Wallace
Partner
23 August 2007

Introduction

This Remuneration report outlines the remuneration policy and arrangements for Tabcorp's Directors, executives and senior management in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also includes the audited remuneration disclosures required by Australian Accounting Standard AASB124 'Related Party Disclosures' in accordance with Corporations Regulation 2M.6.04.

The Remuneration report relates to the Group's key management personnel (KMP) and the five executives that received the highest remuneration during the year in the Company and the Group. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Tabcorp Group, directly or indirectly, and comprises all the Directors of Tabcorp and members of the Executive Committee. The same group of individuals is regarded as KMP for both the Company and the Group.

This report forms part of the Directors' report and is set out under the following headings:

Section	Heading
A	Significant changes since 30 June 2006
A1	Key management personnel
A2	Remuneration strategy – Executives and senior management
B	Governance
C	Remuneration philosophy (audited)
D	Key management personnel (KMP) (audited)
E	Non Executive Director remuneration (audited)
E1	Remuneration framework
E2	Structure
E3	Current annual fees
F	Executive remuneration (including Executive Director) (audited)
F1	Remuneration framework
F2	Reward Structure
F3	Reward Mix
F4	Fixed remuneration
F5	Variable (at risk) remuneration
F6	Relationship between remuneration and Tabcorp's performance
F7	Performance of Tabcorp and shareholder wealth
F8	Executive contracts – KMP
F9	Executive director contract – former Managing Director and Chief Executive Officer
G	Remuneration tables (audited)
G1	Remuneration of KMP (including five highest paid executives)
G2	Other remuneration tables

A Significant changes since 30 June 2006

A1 Key management personnel

A1.1 Directors

Zygmunt Switkowski was appointed to the Board on 2 October 2006, following receipt of regulatory approvals.

John O'Neill will join the Board once all necessary regulatory approvals have been received. These are expected to be obtained after 30 June 2007.

Richard Warburton and Lawrence Willett retired as Directors at the Annual General Meeting on 27 November 2006.

A1.2 Managing Director and Chief Executive Officer – Former

Matthew Slatter ceased employment and resigned as a Director on 14 March 2007. Details of the terms of separation and payments made are set out in section F9.

A1.3 Acting Chief Executive Officer

Elmer Funke Kupper was appointed Acting Chief Executive Officer on 14 March 2007. Mr Funke Kupper was subsequently appointed Managing Director and Chief Executive Officer on 13 July 2007, subject to regulatory approval.

A1.4 Executives

Following the appointment of Mr Funke Kupper to the Acting Chief Executive Officer role, Mohan Jesudason (Managing Director, Gaming) and Robert Nason (Managing Director, Wagering) were appointed to the Executive Committee on 14 March 2007.

George Mackey (Executive General Manager, Technical Services) and Julia Nenke (Executive General Manager, Human Resources) ceased employment on 11 December 2006 and 30 April 2007 respectively, following an organisational re-structure.

Peter Caillard transferred from the role of Chief Executive, Media to Executive General Manager, Strategy & Development effective 1 July 2006.

A2 Remuneration strategy – Executives and senior management

Tabcorp's remuneration strategy for executives and senior management was reviewed at the end of the 2006 financial year. The objective of the review was to determine market best practice to ensure Tabcorp has a remuneration strategy that will best enable delivery of the Group's strategy.

As a consequence of the review, the remuneration strategy was updated at the commencement of the 2007 financial year. Refer to section F1.2 for an overview of the changes implemented.

B Governance

The main responsibilities of the Board Remuneration Committee are:

- Establishing and maintaining fair and reasonable remuneration policies and practices that apply to the Group;
- Reviewing and recommending to the Board the remuneration of:
 - the Chairman, Deputy Chairman and Non Executive Directors;
 - the Managing Director and Chief Executive Officer;
 - the terms and conditions of any incentive plans and approving which executives and senior management may participate in these plans;
- Reviewing and approving remuneration of executives reporting to the Managing Director and Chief Executive Officer; and
- Agreeing benchmarks against which annual salary reviews are evaluated.

In exercising its responsibilities, the Board Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Board and executive team.

The Board Remuneration Committee is governed by its Terms of Reference, which are available on Tabcorp's website at www.tabcorp.com.au under the *About Us – Corporate Governance* section.

To assist in exercising its responsibilities, the Board Remuneration Committee receives independent advice on such matters as remuneration strategies and reward framework, mix and structure.

At the start of the financial year, the Board Remuneration Committee implemented a new reward framework to enhance the remuneration practices applicable to Tabcorp executives and senior management. This new reward framework is explained in section F.

C Remuneration philosophy (audited)

The key objective of Tabcorp's remuneration philosophy is to enable Tabcorp to attract, motivate and retain high calibre individuals at both Board and senior management level. To achieve this, Tabcorp's remuneration framework is based upon the following key principles:

- Creation of shareholder value;
- Maintaining market competitiveness; and
- Measuring and rewarding individual and Group performance.

For executive and senior management remuneration, this involves aligning the reward components with the individual's ability to influence results and to increase the focus on variable reward that is leveraged for superior performance.

D Key management personnel (KMP) (audited)

Name	Position	Period of KMP responsibility if less than full year
Directors		
Current		
Michael Robinson	Chairman	
Anthony Hodgson	Deputy Chairman	
Paula Dwyer	Director (Non Executive)	
Philip Satre	Director (Non Executive)	
John Story	Director (Non Executive)	
Zygmunt Switkowski	Director (Non Executive)	From 2 October 2006
Pending regulatory approval		
John O'Neill	Director (Non Executive)	
Former		
Matthew Slatter	Managing Director and Chief Executive Officer	To 14 March 2007
Richard Warburton	Director (Non Executive)	To 27 November 2006
Lawrence Willett	Director (Non Executive)	To 27 November 2006
Executives		
Current		
Elmer Funke Kupper	Acting Chief Executive Officer ⁽ⁱ⁾	From 14 March 2007
	Chief Executive, Australian Business	To 13 March 2007
Matt Bekier	Chief Financial Officer	
Walter Bugno	Chief Executive, Casinos	
Peter Caillard	Executive General Manager, Strategy and Development	
Mohan Jesudason	Managing Director, Gaming	From 14 March 2007
Robert Nason	Managing Director, Wagering	From 14 March 2007
Kerry Willcock	Executive General Manager, Corporate and Legal	
Former		
George Mackey	Executive General Manager, Technical Services	To 11 December 2006
Julia Nenke	Executive General Manager, Human Resources	To 30 April 2007

(i) Appointed Managing Director and Chief Executive Officer on 13 July 2007, subject to regulatory approval.

E Non Executive Director remuneration (audited)

E1 Remuneration framework

The Board Remuneration Committee has responsibility for reviewing and recommending to the Board appropriate remuneration arrangements for Non Executive Directors. Factors taken into consideration by the Board Remuneration Committee include:

- The Group's remuneration philosophy;
- The level of fees paid to Board members of other publicly listed Australian companies;
- Operational and regulatory complexity;
- The responsibilities and workload requirements of each Board member; and
- Advice from independent remuneration consultants.

Non Executive Directors' fees are reviewed annually on a calendar year basis by the Remuneration Committee and are approved by the Board of Directors.

The aggregate limit for Non Executive Directors' fees (including superannuation contributions where applicable) is approved by shareholders and was set at \$2 million at the Annual General Meeting on 28 November 2005.

Non Executive Directors do not receive any performance or incentive payments and are not eligible to participate in any of Tabcorp's incentive plans. This policy aligns with the principle that Non Executive Directors should act independently.

E2 Structure

Non Executive Directors' remuneration comprises the following components:

- Board fee;
- Board Committee fees; and
- Superannuation (where applicable).

E2.1 Board fee

The Board fee is structured to recognise the responsibility of each Non Executive Director and the additional responsibilities of both the Chairman and Deputy Chairman.

Board fees are not paid to the Managing Director and Chief Executive Officer as Board responsibilities are considered to form part of the responsibilities for this position. Additionally, Board fees are not paid to executives (including the Managing Director and Chief Executive Officer) for directorships of any subsidiaries.

E2.2 Board Committee fees

Board Committee fees are structured to recognise the differing responsibilities and workload associated with each Committee, and the additional responsibilities of each Committee Chairman.

Any new Non Executive Director is paid observer fees for attending Board and Committee meetings whilst awaiting regulatory approval.

E2.3 Superannuation

Australian resident Directors are paid superannuation contributions (9% of total fees). Any non Australian resident Director receives a payment in cash which is equivalent to the amount that would otherwise be paid as superannuation. Directors may choose to increase the proportion of their remuneration taken as superannuation, subject to legislative limits.

E3 Current annual fees

The fees for Non Executive Directors and Board Committee membership are applicable for the period 1 January to 31 December. Figure 1 details the current annual fees applicable from 1 January 2007.

The Board fees reflect an increase of approximately 3% on prior year fees, in line with CPI. This increase was considered appropriate to maintain competitiveness with fees paid to Non Executive Directors of comparable ASX listed companies.

There has been no change in the Board Committee fees during the year.

Figure 1: Non Executive Director and Board Committee fixed annual fees effective from 1 January 2007

Position	Board fee ⁽ⁱ⁾ \$	Board Committee fees ⁽ⁱ⁾			
		Audit \$	Risk & Compliance \$	Remuneration \$	Nomination \$
Chairman	363,000				
Deputy Chairman	165,000				
Director	134,000				
Committee Chair		50,000	25,000	25,000	7,500
Committee Member		15,000	15,000	10,000	7,500

(i) Fees exclude superannuation contributions.

F Executive remuneration (including Executive Director) (audited)

F1 Remuneration framework

F1.1 Overview

The remuneration framework comprises a mix of both fixed and variable remuneration components, with the latter being at risk as the actual payment is dependent upon the achievement of individual and Group performance targets. Variable remuneration may be delivered in the form of cash (or shares) for achievement of short term performance targets, and Restricted Shares and Performance Options for achievement of medium and long term performance targets respectively.

The objective of structuring a remuneration framework comprising both fixed and variable components is to ensure remuneration is market competitive and aligned to:

- Shareholders interests through:
 - The use of financial measures, being net profit after tax (pre some non-recurring items) and earnings per share as the primary reward measures for short and medium term performance outcomes.
 - Rewarding long term performance outcomes of superior and sustainable shareholder returns, measured by reference to a comparable group of companies in the S&P/ASX200 index.
 - Aligning Group, divisional and individual performance targets to the performance objectives in Tabcorp's annual and long term strategic plans.
 - Attracting, motivating and retaining individuals of the highest calibre.
 - Fostering a culture of high performance in a team based environment.
- Executive interests through:
 - Differentiating reward outcomes based upon individual performance and capability.
 - Ensuring the form of reward delivery is closely aligned with the ability to influence results.
 - Providing upside opportunity for superior Group performance and increased shareholder value.

F1.2 Changes since 30 June 2006

Tabcorp's remuneration strategy was revised at the end of the 2006 financial year to facilitate best delivery of the Group's strategy by:

- Ensuring the remuneration framework:
 - Appropriately recognises employees' capabilities to impact the achievement of strategic objectives.
 - Remains effective in attracting and retaining individuals of the highest calibre.
- Continuing to enhance reward for performance in line with market trends.

The key changes implemented since 30 June 2006 are:

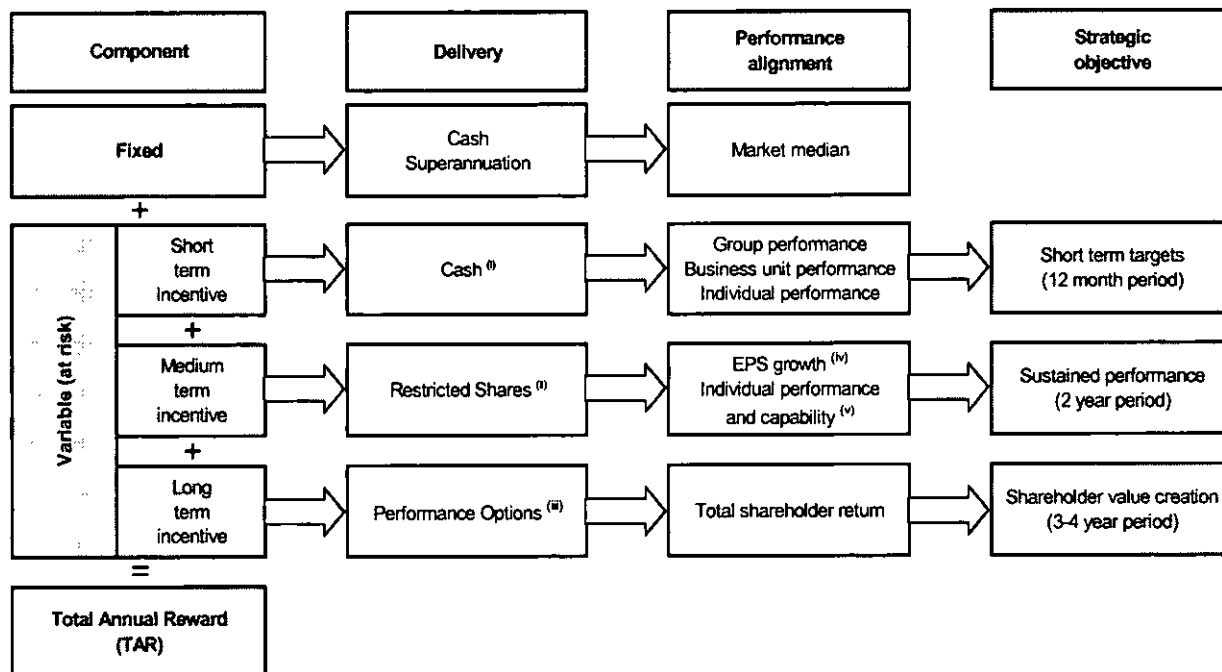
- Introduction of a medium term incentive (refer section F5.2), which is delivered in the form of Restricted Shares that are subject to a two year service condition;
- Share Rights no longer being offered as a form of variable remuneration under the long term incentive scheme; and

- Changing the weighting of the components of variable remuneration as a result of the above.

F2 Reward Structure

Metrics within incentive plans are set to ensure that the achievement of short, medium and long term strategic objectives are commensurate with shareholder value creation. The reward structure is outlined in Figure 2 below.

Figure 2: Executive reward structure



- (i) May also be taken in the form of shares issued under the Tabcorp Employee Deferred Share Plan or additional voluntary superannuation contributions.
- (ii) Issued under the Tabcorp Employee Deferred Share Plan and are subject to a two year service condition.
- (iii) May vest over a three to four year period, subject to meeting relevant performance based hurdle.
- (iv) Earnings per share. Measured against performance over two years, however only one year will be used in the first year of operation of the Medium term incentive.
- (v) Only applicable in second year of plan operation, being the year commencing 1 July 2007.

F3 Reward Mix

F3.1 Target Reward Mix by Band

The target reward mix aims to position Total Annual Reward (TAR) at the market median. It is reflective of benchmarking performed against a wide range of organisations to ensure that the incentive opportunity, as well as the TAR opportunity, is competitive when compared to the market.

An outcome of the remuneration strategy review was to update the target reward mix for executives and senior managers, which was implemented from the commencement of the 2007 financial year. Tabcorp will transition all affected employees to the new target reward mix over a two year period, with any new employees or internal promotions being based upon the new target reward mix.

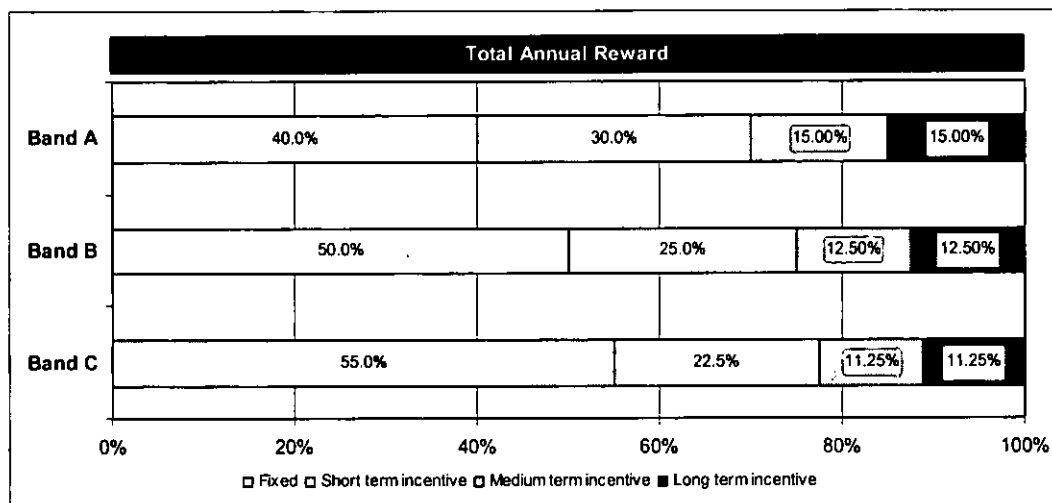
Figure 3 outlines the target reward mix for the three senior employee job bands within Tabcorp.

The Board Remuneration Committee reviews the target reward mix percentages from time to time to ensure they remain appropriate for participants. In particular, the Board Remuneration Committee has the discretion to:

- Vary the target reward mix for current employees; and
- Use a transitional reward mix for participants moving between job bands.

The Board Remuneration Committee can exercise its discretion to invite employees in other job bands to participate in the Short term incentive.

Figure 3: Target Reward Mix by Band



F3.2 KMP Reward Mix

The reward mix for KMP outlined in Figure 4 reflects the target reward mix detailed in Figure 3 above. This target reward mix excludes appointment incentives for Matthew Slatter, Elmer Funke Kupper, Walter Bugno and Robert Nason and a retention incentive for Peter Caillard (refer sections F8 and F9).

Figure 4: KMP Reward Mix

		Target reward mix				
		Fixed	Variable (at risk) incentives			Total Annual Reward
			Cash	Equity		
Band	KMP		Short term	Medium term	Long term	
A	Matthew Slatter	40%	30%	15%	15%	100%
B	Matt Bekier	50%	25%	12.5%	12.5%	100%
	Walter Bugno	50%	25%	12.5%	12.5%	100%
	Elmer Funke Kupper ⁽ⁱ⁾	50%	25%	12.5%	12.5%	100%
	Mohan Jesudason	50%	25%	12.5%	12.5%	100%
	George Mackey	50%	25%	12.5%	12.5%	100%
	Robert Nason	50%	25%	12.5%	12.5%	100%
	Julia Nenke	50%	25%	12.5%	12.5%	100%
C	Peter Caillard	55%	22.5%	11.25%	11.25%	100%
	Kerry Willcock	55%	22.5%	11.25%	11.25%	100%

- (i) Reflects target reward mix prior to appointment as Managing Director and Chief Executive Officer in July 2007 (subject to regulatory approval). Target reward mix excludes payments received whilst Acting Chief Executive Officer (refer section F8.2.2).

F4 Fixed remuneration

Fixed remuneration comprises salary and superannuation. Executives may elect to salary sacrifice for additional superannuation contributions, novated car leases and laptop computers.

The level of fixed remuneration reflects the scope and responsibilities of the role and the level of knowledge, skills and experience of the individual.

F5 Variable (at risk) remuneration

F5.1 Short term incentive (STI)

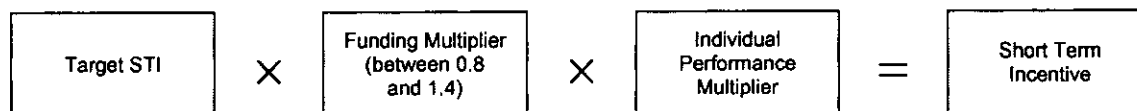
F5.1.1 Overview

The STI is designed to reward employees for the achievement of individual, business unit and Group performance over the 12 month annual performance period, which are aligned to and are supportive of the Group's annual objectives.

F5.1.2 Determining Factors

The incentive is based upon three key factors:

Figure 5: STI calculation



- **Target STI**

This is set as a percentage of the individual's Total Annual Reward.

- **Funding Multiplier (FM)**

The FM increases or decreases the STI by reference to the Group's financial performance, which is measured using the budgeted versus actual annual net profit after tax pre some non recurring items as determined by the Board.

The FM ranges from 0.8 to 1.4, representing actual Group financial performance against budget. In the event the FM is below the threshold level of 0.8, individual awards may be funded at a reduced level, subject to management recommendation and Board Remuneration Committee approval.

- **Individual Performance Multiplier (IPM)**

Individual performance is assessed using a balanced scorecard of individual measures that align to and are supportive of the Group's annual objectives. The balanced scorecard assesses four performance areas – people and leadership, organisation, customer and financial. Specific key performance objectives (KPOs) are agreed upon for each performance area at the start of the financial year against which the individual is assessed.

To be eligible to receive a STI, participants need to demonstrate required levels of behaviours and values in achieving the KPOs, in addition to financial performance being above a certain minimum.

F5.1.3 Delivery

The STI is delivered in cash, with the opportunity for the recipient to voluntarily sacrifice all or part of the incentive into shares (issued under Tabcorp's Employee Deferred Share Plan) or additional superannuation contributions.

F5.1.4 Accounting treatment

The financial impact of the STI is expensed in the relevant financial year and is reflected in the remuneration disclosures for KMP.

F5.2 Medium term incentive (MTI)

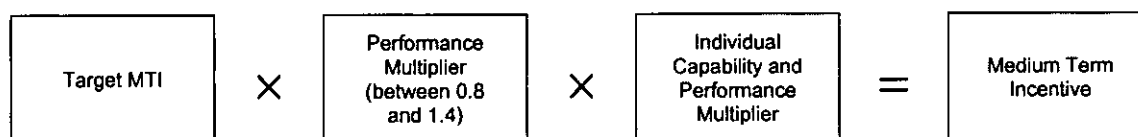
F5.2.1 Overview

The MTI is a new component of remuneration under the revised framework, designed to reward executives and senior management for the achievement of sustained performance over a two year period whilst encouraging the retention of key talent.

F5.2.2 Determining Factors

The incentive is based upon three key factors:

Figure 6: MTI calculation



- **Target MTI**

This is set as a percentage of the individual's Total Annual Reward.

- **Performance Multiplier (PM)**

The PM increases or decreases the MTI by reference to the Group's financial performance, which is measured against the achievement of EPS growth targets that are aligned with the long term strategic plan. Performance is evaluated over a two year period, however only a one year period will be used in the first year of operation of the MTI.

- **Individual Capability and Performance Multiplier (ICPM)**

The ICPM assesses the individual against a capability and performance matrix.

This measure will only be introduced from the second year of the plan commencing 1 July 2007, allowing completion of the capability framework and assessment process. For year one, the ICPM is deemed to be 1.

F5.2.3 Delivery

The MTI is delivered in the form of Restricted Shares, which are subject to a two year service condition during which time the shares may not be traded, but have full entitlement to both dividends and voting rights.

F5.2.4 Allocation

Restricted Shares will be allocated under the MTI annually, following the release of the annual results. The number allocated will be determined based upon the five day volume weighted average price of Tabcorp shares prior to grant date.

The first allocation of Restricted Shares under the MTI will occur following the financial year ended 30 June 2007.

F5.2.5 Accounting treatment

The MTI is expensed over a two year period, commencing from the time the Restricted Shares are granted to the participant, which occurs after year end.

As this is the first year of the plan's operation, the current year remuneration table (Figure 13B) does not disclose any amounts in respect of the MTI, which will be disclosed for the first time in the 2008 financial year and beyond.

F5.3 Long term incentive (LTI)

F5.3.1 Overview

The LTI is principally designed to reward the most senior levels of management where 'line of sight' to long-term shareholder value creation is greatest over a three to four year period

LTI is delivered through Performance Options which provides the holder with the opportunity to acquire shares at a specified price, subject to meeting market based performance hurdles and service conditions. Performance Options are considered an effective instrument for delivering incentives to senior management for growth in shareholder value over the medium to long term.

Performance Options issued under the revised LTI plan have the following features:

- Tested against the relevant performance hurdle at the third anniversary of the date of grant and at two subsequent six monthly intervals;
- Vest over a three to four year period, with any unvested Performance Options lapsing at the fourth anniversary of the date of grant;
- Participants have until the seventh anniversary of the date of grant to exercise vested Performance Options, otherwise they lapse;

- Upon exercise and payment of the exercise price, the Company will issue or transfer ordinary shares to the holder;
- The first allocation of Performance Options under the revised LTI structure occurred during the financial year ended 30 June 2007; and
- The fair value will be expensed over a four year period from the grant date.

F5.3.2 Allocation

Performance Options under the LTI are allocated annually at or around the time of the annual salary review. The number of Performance Options allocated is calculated as outlined in Figure 7.

Figure 7: Allocation calculation

$$\boxed{\text{Target LTI (\$)}} \div \boxed{\text{Fair Market Value of Performance Option}} = \boxed{\text{Number of Performance Options Allocated}}$$

F5.3.3 Valuation

Fair Market Value (FMV) is the valuation method used to allocate LTI equity in order to align remuneration values with disclosed accounting expense for share based payments and emerging market practice.

Tabcorp engages external consultants to calculate the FMV for each allocation of Performance Options under the LTI using the following option pricing models:

- Monte Carlo simulation to estimate the proportion of Performance Options which might vest at each test date after the application of the performance hurdles; and
- A binomial tree to reflect the American call option value of the Performance Options at each test date, discounted to present value at the grant date.

These models take the following factors into consideration:

- Current share price of the underlying share;
- Exercise price (refer section F5.3.4);
- Life of instrument;
- Expected volatility of Tabcorp's share price;
- Risk free interest rate; and
- Expected dividend yield.

F5.3.4 Exercise price

The exercise price of the Performance Options is the five day volume weighted average price of Tabcorp shares prior to grant date.

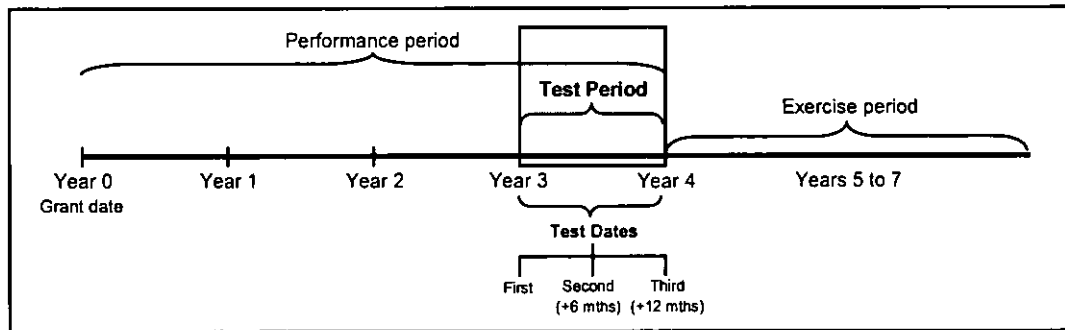
F5.3.5 Vesting conditions

The vesting of Performance Options issued under the LTI is dependent on two conditions, as discussed below.

□ Time based

Performance Options may vest over a three to four year period (Test Period), subject to meeting the relevant performance based hurdle (refer Figure 8). The Test Period aligns with the timeframe for Tabcorp's long term business strategy.

Figure 8: Time based vesting conditions (subject to meeting performance hurdle)



As illustrated in Figure 8, the Performance Options are tested against the performance hurdle at six monthly intervals during the Test Period, as follows:

Test Date	Timing
First	Commencement of Test Period - Third anniversary after grant date
Second	Six months after First Test Date
Third	Conclusion of Test Period - Fourth anniversary after grant date - 12 months after First Test Date

Performance based

The performance hurdle for Performance Options issued under the LTI is relative Total Shareholder Return (TSR).

TSR measures the return received by shareholders over a specific period relative to a peer group of companies. It is calculated by taking into account growth in the share price between the grant date and the test date, and dividends received by shareholders during that period. If there is any change in the dividend payment timetable of a company in the peer group (including Tabcorp), the TSR performance of that company is adjusted to remove any artificial distortion in the outcome. Tabcorp engages an external consultant to calculate Tabcorp's TSR relative to the peer group of companies.

The peer group used for assessing Tabcorp's relative TSR is based upon the following companies.

Basis	Exclusions
100 largest companies by market capitalisation in S&P/ASX 200 index (after exclusions)	<ul style="list-style-type: none"> Property trusts; Infrastructure groups; and Mining companies <p>Represented by the S&P Global Industry Classification Standards of Oil & Gas, Metals & Mining, Transportation Infrastructure and Real Estate.</p>

The composition of the peer group may change as a result of specific external events, such as mergers and acquisitions, capital returns, delistings and capital reconstruction. The Board Remuneration Committee has agreed guidelines for adjusting the peer group following such events, and has a discretion to determine any adjustment to the peer group of companies.

The table below sets out the percentage of Performance Options that will vest depending on Tabcorp's TSR ranking as at the applicable test dates:

Tabcorp's relative TSR ranking	Percentage of Performance Options that will vest
Below 50 th percentile	0%
At 50 th percentile	50%
Above 50 th and below 75 th percentile	Pro-rata between 50% (at 50 th percentile) and 100% (at 75 th percentile)
At or above 75 th percentile	100%

If Tabcorp's relative TSR ranking on a test date is higher than that measured on a previous test date(s), a further number of Performance Options may vest to participants in addition to those that may have already vested. Alternatively, if Tabcorp's relative TSR ranking is lower than as measured on a previous test date(s), no further Performance Options will vest. The maximum number of Performance Options that will have vested to participants will accord with the highest measure of Tabcorp's relative TSR ranking on test dates during the test period.

Upon exercise of Performance Options, participants will acquire fully paid ordinary shares in the Company, and will receive full voting and dividend rights corresponding to the rights of all other holders of ordinary shares.

F5.3.6 Lapsing conditions

Performance Options that have not vested at the end of the Test Period will lapse.

Performance Options which have vested will be exercisable by the participant until the seventh anniversary after the grant date. Following the seventh anniversary, any vested Performance Options which have not been exercised will lapse.

F5.3.7 Cessation of employment

All Performance Options will immediately lapse upon cessation of employment. However the Board Remuneration Committee has discretion in special circumstances to determine the number of Performance Options (and Share Rights, where applicable) retained and terms. Special circumstances include events such as retirement, redundancy, and death or permanent disability.

Vested Performance Options are exercisable by the individual for a period of 90 days after termination of employment, following which they will lapse.

F5.3.8 Accounting treatment

Performance Options issued under the revised LTI are expensed evenly over a four year period, commencing from the grant date. Under accounting standards, Tabcorp is required to recognise an expense irrespective of whether the Performance Option vests to the holder. A reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the four year period.

The 'Remuneration of KMP' tables at section G1 (Figures 13A – 13D) reflect the accounting expense recognised in the relevant financial year, not the total value of Performance Options allocated to the executive during the year, which is disclosed in Figure 14E.

F5.3.9 LTI – Key changes from previous year structure

Changes to the LTI structure from 30 June 2006 are highlighted in the table below.

Key Features	LTI – pre 30 June 2006	LTI – post 30 June 2006
Delivery vehicle	Performance Options Share Rights	Performance Options only
Exercise price	Performance Options – 5 day VWAP prior to grant date Share Rights - Nil	No change (Performance Options)
Valuation	Fair Market Value per accounting standards	No change
Vesting period	5 years from grant date	4 years from grant date
Vesting criteria	Relative TSR	No change
Test Period	2 years between third and fifth anniversary of grant date	1 year between third and fourth anniversary of grant date
Test Dates – Number	3	No change
Test Dates – Frequency	Annually (on grant date anniversary)	6 monthly
Exercise period	Maximum seven years from grant date	No change
Accounting - expense and remuneration disclosures	3 years (2003, 2004 and 2005 tranches) 4 years (2006 tranche)	4 years

F5.4 Appointment/retention incentives

F5.4.1 Criteria for issue

Restricted Shares may be issued to executives as an incentive upon appointment (either externally or to a new position internally) or for retention. These are ordinary shares in the Company which are subject to time based restrictions on transfer only, in order to act as a retention mechanism.

Additionally, executives may also be issued Performance Options (and Share Rights prior to 30 June 2006) upon appointment. These instruments are issued under the LTI and are subject to the same performance hurdles and vesting conditions (refer section 5.3).

F5.4.2 Accounting treatment

The fair value of Restricted Shares is expensed as remuneration over the relevant restriction period.

Performance Options (and Share Rights pre 30 June 2006) are expensed in accordance with issues under the LTI (refer section 5.3.8).

F5.5 Policy prohibiting hedging

Participants in the MTI or LTI are restricted from hedging the value of Restricted Shares and unvested Performance Options and Share Rights, and must not enter into a derivative arrangement in respect of these securities granted under these plans. Breaches of the restriction will result in securities being forfeited.

These prohibitions are included in Tabcorp's Share Trading Policy, available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au and in the terms and conditions of the MTI and LTI plans.

Equity instruments granted under the MTI and LTI can only be registered in the name of the participant, are not registered on the main share register, and cannot be traded or transferred to another party.

The Board at its discretion can request an executive to provide a statutory declaration that the executive has complied with this policy.

F6 Relationship between remuneration and Tabcorp's performance

The remuneration strategy has been aligned to Tabcorp's performance cycle in order to ensure a connection between reward and the achievement of short, medium and long term strategic objectives. A significant proportion of the TAR for executives and other senior management is dependent on the achievement of:

- Short term measures – Achievement of Group's performance targets against business plan;
- Medium term measures – Earnings per share growth (two year period), and
- Long term measures – Relative TSR ranking against peer group of companies.

This relationship has been reinforced in the current financial year with KMP not being awarded either short or medium term variable remuneration as a result of the Group not achieving the required performance targets and EPS growth rates, as illustrated in section F7.

F6.1 STI

The STI is directly correlated to the achievement of Group's profit after tax (pre some non recurring items as determined by the Board) in comparison to the annual budget. Under the terms of the STI, the funding multiplier is the primary factor used to determine the amount of the award payable, with individual performance factors only being considered in the event the primary test is satisfied.

As the performance hurdle for the 30 June 2007 year was not achieved, STI has not been awarded to any KMP.

F6.2 MTI

The MTI is directly correlated to the achievement of EPS against growth targets over a two year period (one year for first year of operation).

As the performance hurdle for the 30 June 2007 year was not achieved, MTI has not been awarded to any KMP.

F6.3 LTI

The payment of a LTI is dependent upon Tabcorp's relative TSR ranking, which incorporates dividends, other capital returns and share price performance since the grant date. If the required level of TSR performance is not met, the equity instruments do not vest.

The first allocation under the LTI was made on 1 December 2003, with the first test date occurring on 1 December 2006. As the performance based criteria for vesting was not achieved, no Performance Options or Share Rights were vested at the first test date.

The 2008 financial year will have three test dates for allocations under the LTI, as follows:

Tranche	Test Dates in year ended 30 June 2008
7 September 2007	First test date for the 7 September 2004 allocation
1 December 2007	Second test date for the 1 December 2003 allocation
3 March 2008	First test date for the 3 March 2005 allocation

F7 Performance of Tabcorp and shareholder wealth

Tabcorp's annual financial performance over the five year period since 30 June 2003 is highlighted in the graphs below.

Shareholder wealth has increased during the period, as illustrated by:

- Increase in fully franked dividends paid to shareholders (42% increase); and
- Growth in Tabcorp's share price (59% increase).

As explained in section F6, the downturn in performance in the current financial year has been reflected in KMP's variable (at risk) remuneration, reflecting the relationship to the creation of shareholder wealth.

Figure 9: Net profit after tax ⁽ⁱ⁾

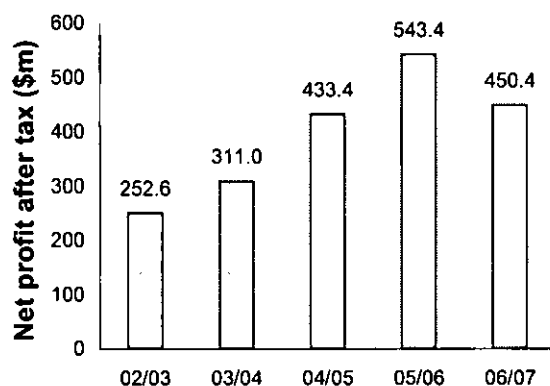


Figure 10: EPS (basic) ⁽ⁱ⁾

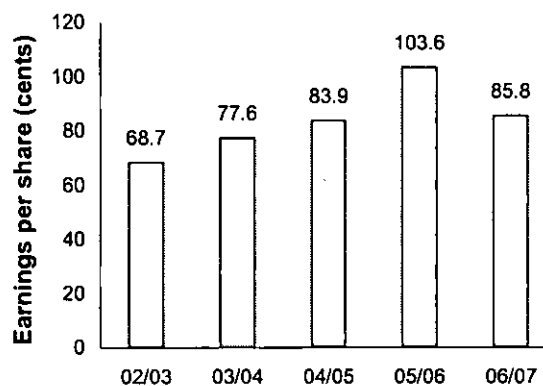


Figure 11: Full year dividend in respect of each financial year (includes interim and final dividends)

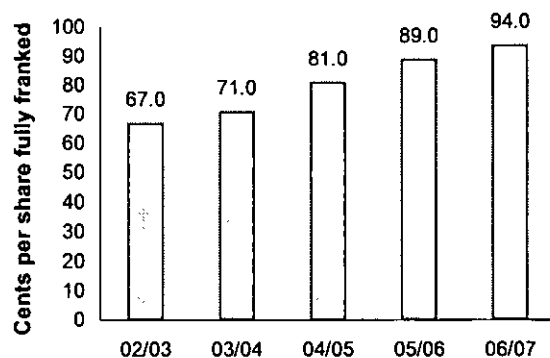
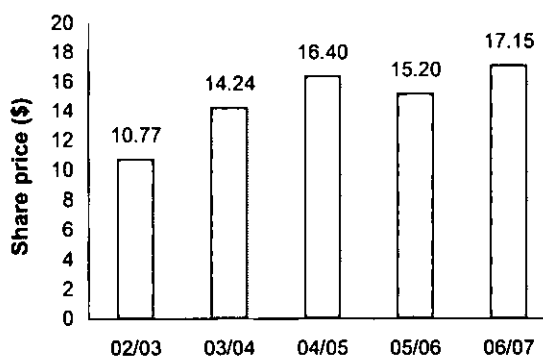


Figure 12: Company share price at the end of each financial year



- (i) The 04/05 and subsequent years are presented under the Australian equivalents of International Financial Reporting Standards, whereas the 02/03 and 03/04 years are presented under the previous Australian Generally Accepted Accounting Principles (AGAAP). Refer to the 30 June 2006 financial report for further details of the AIFRS transition.

F8 Executive contracts - KMP

F8.1 Contract terms

The details of the contracts of the executives (KMP) of Tabcorp are detailed below. The contracts do not require any termination payments, other than payment in lieu of notice (if applicable).

			Minimum notice period (months)	
Name	Position	Contract term	Executive	Tabcorp
Current				
Elmer Funke Kupper	Acting Chief Executive Officer ⁽ⁱ⁾	Open ended	3	9
Matt Bekier	Chief Financial Officer	Open ended	3	9
Walter Bugno	Chief Executive, Casinos	Open ended	3	9
Peter Caillard	Executive General Manager, Strategy and Development	Open ended	3	12
Mohan Jesudason	Managing Director, Gaming	Open ended	3	6
Robert Nason	Managing Director, Wagering	Open ended	3	6
Kerry Willcock	Executive General Manager, Corporate and Legal	Open ended	3	9
Former				
George Mackey ⁽ⁱⁱ⁾	Executive General Manager, Technical Services	Open ended	3	9
Julia Nenke ⁽ⁱⁱⁱ⁾	Executive General Manager, Human Resources	Open ended	3	9

(i) Appointed Managing Director and Chief Executive Officer on 13 July 2007.

(ii) Ceased employment and as a KMP on 11 December 2006.

(iii) Ceased employment and as a KMP on 30 April 2007.

F8.2 Specific contract terms

F8.2.1 Appointment and retention incentives

The Board Remuneration Committee approved appointment incentives for Elmer Funke Kupper, Walter Bugno, and Robert Nason in the year ended 30 June 2006. Peter Caillard was awarded a retention incentive upon his appointment as Executive General Manager, Strategy & Development in July 2006.

Acting Chief Executive Officer

Mr Funke Kupper was provided an appointment incentive upon commencement as Chief Executive, Australian Business of \$1.9 million comprising:

Instrument type	Number	Trading restrictions and vesting conditions
Restricted Shares	97,000	Subject to trading restrictions lifting in 3 tranches on 31 December 2006, 2007 and 2008. Vesting subject to the performance hurdles under the previous LTI structure.
Performance Options	112,500	
Share Rights	15,000	

Chief Executive, Casinos

Mr Bugno was provided an appointment incentive of \$900,000 comprising:

Instrument type	Number	Trading restrictions and vesting conditions
Restricted Shares	30,000	Subject to trading restrictions lifting in 3 tranches on 31 December 2006, 2007 and 2008. Vesting subject to the performance hurdles under the previous LTI structure.
Performance Options	112,500	
Share Rights	15,000	

Managing Director, Wagering

Mr Nason was provided an appointment incentive of approximately \$150,000 comprising:

Instrument type	Number	Trading restrictions and vesting conditions
Restricted Shares	10,000	Subject to trading restrictions lifting in 2 tranches on 26 June 2007 and 2008.

Executive General Manager, Strategy and Development

Mr Caillard was provided a retention incentive of approximately \$225,000 upon appointment to his current role comprising:

Instrument type	Number	Trading restrictions and vesting conditions
Restricted Shares	15,000	Subject to trading restrictions lifting in 3 tranches on 1 July 2007, 2008 and 2009.

F8.2.2 Acting Chief Executive Officer

Mr Funke Kupper received a cash payment of \$100,000 gross per month for the additional duties and responsibilities whilst Acting Chief Executive Officer. This payment is in addition to the Total Annual Reward received by Mr Funke Kupper in his previous role as Chief Executive, Australian Business and is not included in Total Annual Reward for determining allocations under the STI, MTI or LTI plans.

F9 Executive director contract - former Managing Director and Chief Executive Officer

Matthew Slatter ceased employment with the Company on 14 March 2007, and as a Director of the Company and its subsidiaries.

F9.1 Termination payment

Under the terms of his employment agreement, Mr Slatter received a payment of \$3,306,011 on termination, comprising:

	\$
Pay in lieu of notice (12 months)	2,556,164
Pro rata 2006 LTI equivalent	653,425
Accrued annual leave entitlements	96,422
Total	3,306,011

F9.2 Equity instruments issued under incentive schemes prior to termination

F9.2.1 Equity instruments retained

As a condition of his termination, the Board exercised its discretion to permit Mr Slatter to retain full entitlement to all currently issued Options, Performance Options and Share Rights, other than those allocated on 7 September 2005. The Options, Performance Options and Share Rights retained by him remain subject to the same vesting conditions as existed at the relevant grant date.

Grant date	Instrument type	Exercise price	Allocation Number	Vested To Date Number	Lapsed Number	Balance Number	Future test dates	
							Next	Last
7 Oct 2002 ⁽ⁱ⁾	Options	\$12.61	1,000,000	85,165	Nil	914,835	7 Oct 2007	7 Oct 2007
1 Dec 2003 ⁽ⁱⁱ⁾	Performance Options	\$11.23	352,349	Nil	Nil	352,349	1 Dec 2007	1 Dec 2008
	Share Rights	\$nil	15,996	Nil	Nil	15,996		
7 Sep 2004 ⁽ⁱⁱ⁾	Performance Options	\$14.54	307,693	Nil	Nil	307,693	7 Sep 2007	7 Sep 2009
	Share Rights	\$nil	13,947	Nil	Nil	13,947		
7 Sep 2005 ⁽ⁱⁱ⁾	Performance Options	\$16.51	318,080	Nil	(318,080)	Nil	N/A	N/A
	Share Rights	\$nil	14,420	Nil	(14,420)	Nil		

(i) Issued under an Employment Agreement upon appointment.

(ii) Issued under LTI (pre 30 June 2006 structure).

F9.2.2 Vesting criteria

• Employment Agreement

Mr Slatter was allocated one million Options upon commencement of employment as an appointment incentive, of which 85,165 had vested at the date of termination. The remaining balance will be tested against the relevant performance benchmark on the final test date occurring on 7 October 2007, when they will either vest (in part or in whole) or lapse.

The performance benchmark is based on the Company's TSR ranking compared to a peer group of companies as detailed in the table below:

Basis	Exclusions
100 largest companies by market capitalisation in S&P/ASX200 index (after exclusions)	<ul style="list-style-type: none"> Listed property trusts; and Mining companies

The percentage of Options that may vest depending on Tabcorp's TSR ranking as at 7 October 2007 is detailed in the table below.

Tabcorp's relative TSR ranking	Percentage of Options that will vest
Below 40 th percentile	0%
At 40 th percentile	20%
Above 40 th and below 75 th percentile	Pro-rata between 20% (at 40 th percentile) and 100% (at 75 th percentile)
At or above 75 th percentile	100%

▪ *LTI – pre 30 June 2006 structure*

As outlined in section F6.3, the Performance Options and Share Rights issued under the LTI are either yet to meet the required performance hurdles or reach the first test date. Mr Slatter cannot derive any value from these instruments at this time.

As these instruments did not lapse on termination, they will be tested for the achievement of the applicable performance conditions for each tranche at the relevant test dates, as outlined in section F5.3.

F9.3 Outstanding loan

Prior to the commencement of the LTI in 2003, senior executives were provided with a loan for the purpose of acquiring shares in Tabcorp (known as the Senior Executives Long Term Incentive Plan (SELTIP)), which was only repayable upon termination. Following his termination, Mr Slatter repaid the loan under the SELTIP in the amount of \$5,904,059.

G Remuneration tables (audited)

G1 Remuneration of KMP (including five highest paid executives)

Figure 13A: KMP remuneration for the year ended 30 June 2007 - Directors

KMP	Short term				Long term	Post employment	Share based payments ^(a)		Total \$	Performance Related % ^(b)	Termination Payments \$
	Salary & fees ^(c) \$	Bonus \$	Non-monetary benefits ^(d) \$	Other \$	Long service leave \$	Superannuation \$	Performance Options & Share Rights \$	Restricted shares \$			
Current:											
Non Executive											
Michael Robinson	405,250	-	1,211	-	-	36,473	-	-	442,934	n/a	-
Paula Dwyer	175,447	-	-	-	-	15,790	-	-	191,237	n/a	-
Anthony Hodgson	235,000	-	-	-	-	21,150	-	-	256,150	n/a	-
Philip Satre ^(e)	163,956	-	-	-	-	-	-	-	163,956	n/a	-
John Story	172,000	-	-	-	-	15,480	-	-	187,480	n/a	-
Zygmunt Swtkowski ^(f)	179,187	-	1,581	-	-	16,127	-	-	196,895	n/a	-
Former:											
Executive											
Matthew Slatter ^(g)	1,026,917	-	229,006	-	(57,366)	9,515	518,466	-	1,726,538	30%	3,209,589
Non Executive											
Richard Warburton ^(h)	80,208	-	605	-	-	6,309	-	-	87,122	n/a	-
Lawrence Willett ⁽ⁱ⁾	70,833	-	1,581	-	-	6,375	-	-	78,789	n/a	-
Total	2,508,798	-	233,984	-	(57,366)	127,219	518,466	-	3,331,101		3,209,589

- (i) Comprises salary and fees, salary sacrificed benefits and annual leave expense, where applicable.
- (ii) Comprises the cost to the Company for providing a low interest loan to acquire shares in the Company pursuant to an issue made under a previous employee share plan, car parking and entertainment.
- (iii) Represents:
- The fair value of share based payments expensed by the Company; and
 - The fair value of the allocation of one million Options granted on 7 October 2002 upon commencement of employment, which are not recognised as an expense by the Company as the grant date was prior to the commencement of the applicable date for AASB 2 'Share-based Payment'. The amount disclosed as remuneration for these Options is \$382,365.
- (iv) Represents the sum of bonus, Options, Performance Options and Share Rights as a percentage of total remuneration, excluding termination payments.
- (v) Received cash in lieu of superannuation, due to being a non-resident of Australia. These amounts are disclosed under salary and fees.
- (vi) Appointed as a director on 2 October 2006 following the receipt of all necessary regulatory approvals. Salary and fees include observer fees of \$44,436 paid for the period 1 July 2006 to 1 October 2006, whilst awaiting regulatory approval.
- (vii) Ceased employment and as a KMP on 14 March 2007. In addition to the amounts disclosed above, payment of annual leave on cessation amounted to \$96,422.
- (viii) Retired at the Company's Annual General Meeting on 27 November 2006.

Figure 13B: KMP remuneration for the year ended 30 June 2007 - Executives (including five highest paid executives)

KMP	Short term				Long term	Post employment	Share based payments ⁽ⁱⁱ⁾		Total \$	Performance Related ^(vi) %	Termination Payments \$
	Salary & fees ⁽ⁱ⁾ \$	Bonus \$	Non-monetary benefits ⁽ⁱ⁾ \$	Other ⁽ⁱⁱ⁾ \$	Long service leave \$	Superannuation \$	Performance Options & Share Rights \$	Restricted shares \$			
Current:											
Elmer Funke Kupper ^(v)	1,268,258	-	605	-	3,076	12,686	158,109	769,470	2,212,204	7%	-
Matt Bekier	708,852	-	-	57,768	2,422	12,686	36,699	-	818,427	4%	-
Walter Bugno ^(vi)	897,699	-	4,673	-	3,029	12,686	171,309	252,833	1,342,229	13%	-
Peter Caillard ^(vi)	552,487	-	27,005	34,333	34,463	12,686	105,622	136,463	903,059	12%	-
Mohan Jesudason ^(vi)	541,852	-	37,841	-	9,646	12,686	151,048	-	753,073	20%	-
Robert Nason ^{(vii)(viii)}	722,501	308,182	-	443,919	2,129	12,686	27,024	112,941	1,629,382	2%	-
Kerry Willcock	420,374	-	1,581	-	4,540	12,686	65,416	-	504,597	13%	-
Former:											
George Mackey ^(ix)	184,023	-	-	-	(20,892)	6,295	65,590	-	235,016	28%	533,460
Julia Nenke ^(x)	329,856	-	-	22,500	(3,049)	10,572	85,298	-	445,177	19%	670,083
Total	5,625,902	308,182	71,705	558,520	35,364	105,669	886,115	1,271,707	8,843,164		1,203,543

- (i) Comprises salary, salary sacrificed benefits (including superannuation, motor vehicle novated leases and self-funded study) and annual leave expense.
- (ii) Comprises the cost to the Company for providing low interest loans to acquire shares in the Company pursuant to issues made under a previous employee share plan, car parking, and entertainment, where applicable.
- (iii) Comprised relocation expenses and mortgage interest subsidy payments, where applicable.
- (iv) Represents the fair value of share based payments expensed by the Company, which includes amounts expensed subsequent to cessation of employment where equity instruments are retained.
- (v) Represents the sum of bonus (excluding non-performance related bonus), Performance Options, Share Rights and Restricted Shares (excluding appointment or retention incentives) as a percentage of total remuneration, excluding termination payments.
- (vi) Share based payments include Restricted Shares that were granted as appointment or retention incentives.
- (vii) KMP from 14 March 2007, following appointment to the Executive Committee. Total remuneration for the period whilst a KMP was \$209,343.
- (viii) KMP from 14 March 2007, following appointment to the Executive Committee. Total remuneration for the period whilst a KMP was \$476,446. Bonus for the year was non-performance related.
- (ix) Ceased employment and as a KMP on 11 December 2006. In addition to the amounts disclosed above, payment of annual leave entitlements on cessation amounted to \$35,860.
- (x) Ceased employment and as a KMP on 30 April 2007. In addition to the amounts disclosed above, payment of annual leave entitlements on cessation amounted to \$16,862.

Figure 13C: KMP remuneration for the year ended 30 June 2006 - Directors

KMP	Short term				Long term	Post employment	Share based payments ^(iv)		Total \$	Performance Related ^(iv) %	Termination Payments \$
	Salary & fees ⁽ⁱ⁾ \$	Bonus \$	Non-monetary benefits ⁽ⁱⁱ⁾ \$	Other \$	Long service leave \$	Superannuation \$	Performance Options & Share Rights \$	Restricted shares \$			
Current:											
Executive											
Matthew Slater	1,426,157	856,235	122,395	-	26,972	12,139	917,517	-	3,361,415	53%	-
Non Executive											
Michael Robinson	388,075	-	-	-	-	34,927	-	-	423,002	n/a	-
Paula Dwyer ^(v)	185,000	-	-	-	-	16,650	-	-	201,650	n/a	-
Anthony Hodgson	225,000	-	-	-	-	20,251	-	-	245,251	n/a	-
Philip Satre ^(vi)	167,397	-	-	-	-	-	-	-	167,397	n/a	-
John Story	165,001	-	-	-	-	14,850	-	-	179,851	n/a	-
Richard Warburton	182,593	-	-	-	-	14,517	-	-	197,110	n/a	-
Lawrence Willett	157,500	-	-	-	-	15,951	-	-	173,451	n/a	-
Former:											
Non Executive											
Warren Wilson ^(vii)	65,628	-	-	-	-	5,707	-	-	71,335	n/a	-
Total	2,962,351	856,235	122,395	-	26,972	134,992	917,517	-	5,020,462		

- (i) Comprises salary and fees, salary sacrificed benefits and annual leave expense, where applicable.
- (ii) Comprises the cost to the Company for providing a low interest loan to acquire shares in the Company pursuant to an issue made under a previous employee share plan and the provision of car parking.
- (iii) Represents:
- The fair value of share based payments expensed by the Company; and
 - The fair value of the allocation of one million Options granted on 7 October 2002 upon commencement of employment, which are not recognised as an expense by the Company as the grant date was prior to the commencement of the applicable date for AASB 2 'Share-based Payment'. The amount disclosed as remuneration for these Options is \$302,914.
- (iv) Represents the sum of bonus, Options, Performance Options and Share Rights as a percentage of total remuneration, excluding termination payments.
- (v) Appointed as a director on 30 August 2005, following receipt of all necessary regulatory approvals. Salary and fees include observer fees of \$42,919 paid for the period 1 July 2005 to 29 August 2005, whilst awaiting regulatory approval.
- (vi) Received cash in lieu of superannuation, due to being a non-resident of Australia. These amounts are disclosed under salary and fees.
- (vii) Retired at the Company's Annual General Meeting on 28 November 2005.

Figure 13D: KMP remuneration for the year ended 30 June 2006 - Executives (including five highest paid executives)

KMP	Short term				Long term	Post employment	Share based payments ^(vi)		Total \$	Performance Related ^(v) %	Termination Payments \$
	Salary & fees ⁽ⁱ⁾ \$	Bonus \$	Non-monetary benefits ⁽ⁱⁱ⁾ \$	Other ⁽ⁱⁱⁱ⁾ \$	Long service leave \$	Superannuation \$	Performance Options & Share Rights \$	Restricted shares \$			
Current:											
Matt Bekier ^(iv)	314,279	110,349	-	225,207	777	5,150	-	-	655,762	17%	-
Walter Bugno ^(vii)	239,273	103,841	898	-	588	3,035	31,031	89,516	468,182	29%	-
Peter Caillard ^(viii)	408,380	160,882	45,980	-	45,722	48,000	92,593	-	801,557	32%	-
Elmer Funke Kupper ^(ix)	309,844	143,510	-	-	816	4,712	36,975	372,907	868,764	21%	-
Mohan Jesudason ^(x)	504,274	194,681	31,438	-	5,976	38,702	141,389	-	916,460	37%	-
George Mackey ^(xi)	405,853	145,560	10,040	83,088	11,279	12,139	104,929	-	772,888	32%	-
Juha Nenke	413,995	132,491	-	91,569	2,109	12,829	42,411	-	695,404	25%	-
Kerry Willcock	362,725	125,867	-	-	2,067	13,539	38,982	-	543,180	30%	-
Former:											
David Banks ^(xii)	561,429	-	111,534	-	43,209	85,838	349,779	-	1,151,789	30%	1,322,270
David Elmslie ^(xiii)	301,058	-	43,082	-	10,145	53,668	252,535	-	680,488	38%	801,600
Paul Gulbenkian ^(xiv)	404,745	-	25,298	-	21,830	12,139	84,111	-	548,123	15%	546,400
Michael Piggott ^(xv)	687,268	-	35,637	45,202	19,868	76,378	187,909	-	1,052,260	18%	1,020,240
Anne Tasker ^(xvi)	420,069	132,491	-	-	1,506	12,139	-	-	566,205	23%	-
Total	5,333,192	1,249,672	303,907	445,066	165,890	378,268	1,362,644	462,423	9,701,062		3,690,510

- (i) Comprises salary, salary sacrificed benefits (including superannuation and motor vehicle novated leases) and annual leave expense.
- (ii) Comprises the cost to the Company for providing low interest loans to acquire shares in the Company pursuant to issues made under a previous employee share plan, car parking, and the provision of motor vehicles, where applicable.
- (iii) Comprises relocation expenses, where applicable.
- (iv) Represents the fair value of share based payments expensed by the Company, which includes amounts expensed subsequent to cessation of employment where equity instruments are retained.
- (v) Represents the sum of bonus, Performance Options, Share Rights and Restricted Shares (excluding appointment or retention incentives) as a percentage of total remuneration, excluding termination payments.
- (vi) Commenced employment and as a KMP on 30 January 2006. Elected to receive \$27,587 of bonus as shares.
- (vii) Commenced employment and as a KMP on 3 April 2006. Share based payments include Restricted Shares granted as an appointment incentive.
- (viii) Ceased as a KMP on 27 February 2006, but remained with the Company and recommenced as a KMP on 1 July 2006. Total remuneration for the period while a KMP was \$537,011.
- (ix) Commenced employment and as a KMP on 27 February 2006. Share based payments include Restricted Shares granted as an appointment incentive.
- (x) Ceased as a KMP on 27 February 2006. Total remuneration for the period while a KMP was \$600,101.
- (xi) Elected to receive \$53,131 of bonus as shares.
- (xii) Ceased employment and as a KMP on 31 March 2006. Total remuneration including termination payments was \$2,474,059. In addition to the amounts disclosed above, payment of annual leave and long service leave entitlements on cessation amounted to \$281,930. Total remuneration for the period while a KMP was \$1,106,477, excluding termination payments.
- (xiii) Ceased employment and as a KMP on 31 January 2006. Total remuneration including termination payments was \$1,462,088. In addition to the amounts disclosed above, payment of annual leave and long service leave entitlements on cessation amounted to \$255,100. Total remuneration for the period while a KMP was \$616,398, excluding termination payments.
- (xiv) Ceased as a KMP on 30 June 2006 and ceased employment on 1 July 2006. Total remuneration including termination payments was \$1,094,523. The termination payment was accrued at 30 June 2006.
- (xv) Ceased as a KMP on 27 February 2006, but remained with the Company until 7 July 2007. Total remuneration including termination payments was \$2,072,500. The termination payment was accrued at 30 June 2006. Total remuneration for the period while a KMP was \$691,399 excluding termination payments.
- (xvi) Ceased employment and as a KMP on 30 June 2006.

G2 Other remuneration tables

Figure 14A: Short term incentive (STI) achieved

For the year ended 30 June 2007

Robert Nason was paid a non performance related short term incentive during the year of \$308,182, which was calculated as 100% of target and 60% of maximum STI potential.

For all other KMP, no STI was awarded:

- Actual STI payment as a % of maximum STI	0%
- Actual STI payment as a % of target STI	0%
- STI not achieved as a % of target STI	100%

Figure 14B: Terms and conditions of Performance Options and Share Rights granted during the year

Grant date	Fair value at grant date		Exercise price		First exercise date	Last exercise/expiry Date
	Options \$	Rights \$	Options \$	Rights \$		
For the year ended 30 June 2007:						
17 November 2006	2.29	n/a	15.22	n/a	17 November 2009	17 November 2013
For the year ended 30 June 2006:						
7 September 2005	1.86	10.01	16.51	-	7 September 2008	7 September 2012
3 March 2006	1.73	9.21	15.08	-	3 March 2009	3 March 2013
3 April 2006	2.01	9.75	15.42	-	3 April 2009	3 April 2013

Figure 14C: Performance Options and Share Rights granted during the year

For the year ended 30 June 2007

KMP	Granted 17 November 2006	
	Options Number	Rights Number
Current:		
Elmer Funke Kupper	123,626	-
Matt Bekier	96,154	-
Walter Bugno	123,626	-
Peter Caillard	59,003	-
Mohan Jesudason	74,176	-
Robert Nason	70,804	-
Kerry Willcock	48,832	-
Former:		
George Mackey	60,440	-
Julia Nenke	58,379	-
Matthew Slatter	-	-
Total	715,040	-

For the year ended 30 June 2006

KMP	Granted 7 September 2005		Granted 3 March 2006		Granted 3 April 2006	
	Options Number	Rights Number	Options Number	Rights Number	Options Number	Rights Number
Current:						
Matthew Slatter	318,080	14,420	-	-	-	-
Walter Bugno	-	-	-	-	112,500	15,000
Peter Caillard	37,946	5,161	-	-	-	-
Elmer Funke Kupper	-	-	112,500	15,000	-	-
Mohan Jesudason	48,214	6,557	-	-	-	-
George Mackey	37,946	5,161	-	-	-	-
Julia Nenke	47,395	6,446	-	-	-	-
Kerry Willcock	43,562	5,925	-	-	-	-
Former:						
David Banks	71,551	9,731	-	-	-	-
David Elmslie	58,036	7,893	-	-	-	-
Paul Gulbenkian	35,714	4,857	-	-	-	-
Michael Piggott	66,964	9,107	-	-	-	-
Anne Tasker	-	-	36,029	4,874	-	-
Total	765,408	75,258	148,529	19,874	112,500	15,000

Figure 14D: Performance Options and Share Rights vested and exercised during the year

30 June 2007

No Performance Options and Share Rights were vested or exercised during the year.

30 June 2006

KMP	Vested		Shares Issued on Exercise Number	Paid per Share \$	Unpaid per Share \$
	Options Number	Share Rights Number			
Current:					
Matthew Slatter ⁽ⁱ⁾	-	-	1,000,000	12.61	-
Former:					
David Banks ⁽ⁱⁱ⁾	161,142	21,932		-	-
David Elmslie ⁽ⁱⁱ⁾	102,276	13,921		-	-
Total	263,418	35,853	1,000,000		

(i) Relate to Options issued under an employment agreement on 7 October 2002, which vested at grant date.

(ii) Relate to Performance Options and Share Rights issued under the LTPP, which were vested at the executives' termination date.

Figure 14E: Fair value of Options, Performance Options and Share Rights granted as part of remuneration ⁽ⁱ⁾

KMP	During the year ended 30 June 2007				
	Granted \$	Exercised \$	Lapsed \$	Total Value \$	As a % of remuneration ⁽ⁱⁱ⁾ %
Current:					
Elmer Funke Kupper	283,104	-	-	283,104	7%
Matt Bekier	220,193	-	-	220,193	4%
Walter Bugno	283,104	-	-	283,104	13%
Peter Caillard	135,117	-	-	135,117	12%
Mohan Jesudason	169,863	-	-	169,863	20%
Robert Nason	162,141	-	-	162,141	2%
Kerry Willcock	111,825	-	-	111,825	13%
Former:					
George Mackey	138,408	-	219,481	357,889	28%
Julia Nenke	133,688	-	158,657	292,345	19%
Matthew Slatter	-	-	735,973	735,973	30%
Total	1,637,443	-	1,114,111	2,751,554	

(i) For details on the valuation of the Performance Options and Share Rights, including models and assumptions used, refer to Note 25 of the Financial Report.

(ii) Represents the fair value of Options, Performance Options and Share Rights expensed during the year as a percentage of total remuneration, excluding termination payments.

This report has been signed in accordance with a resolution of Directors.



Michael Robinson AO
Chairman

Melbourne
23 August 2007

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	Note	Consolidated		Tabcorp Holdings	
		2007	2006	2007	2006
		\$m	\$m	\$m	\$m
Total operating revenues		3,835.0	3,776.9	27.0	25.9
Other revenues	2	48.7	57.9	322.0	487.3
Revenue		3,883.7	3,834.8	349.0	513.2
Other income	2	(1.5)	11.8	(0.9)	0.2
Government taxes and levies		(1,044.3)	(1,018.7)	-	-
Commissions and fees		(825.5)	(796.0)	(7.4)	(11.7)
Employment costs		(587.3)	(536.2)	(48.1)	(23.6)
Depreciation and amortisation	2	(142.3)	(139.1)	(2.9)	(1.7)
Impairment	2	(2.2)	(68.5)	-	-
Property costs		(78.7)	(76.0)	(0.2)	(0.7)
Computer costs		(28.9)	(27.1)	(0.1)	(0.2)
Advertising and promotions		(80.9)	(82.2)	(2.5)	(2.3)
Professional and contract services		(33.3)	(33.4)	(13.8)	(6.8)
Finance costs	2	(172.3)	(165.9)	-	(0.2)
Other expenses		(246.9)	(208.5)	(12.1)	(7.1)
Profit before income tax expense		639.6	695.0	261.0	459.1
Income tax (expense)/benefit	4	(190.1)	(152.4)	12.1	4.3
Net profit after tax		449.5	542.6	273.1	463.4
Net loss attributable to minority interest		0.9	0.8	-	-
Net profit attributable to members of the parent entity		450.4	543.4	273.1	463.4
Earnings per share for profit attributable to members of the parent entity:					
Basic earnings per share (cents per share)	6	85.8	103.6		
Diluted earnings per share (cents per share)	6	85.6	103.4		

The accompanying notes form an integral part of this income statement.

Balance sheet

As at 30 June 2007



	Note	Consolidated		Tabcorp Holdings	
		2007	2006	2007	2006
		\$m	\$m	\$m	\$m
Current assets					
Cash and cash equivalents	7	202.2	206.6	39.9	46.6
Receivables	8	31.6	34.7	2,446.8	2,632.6
Inventories	9	15.1	15.0	-	-
Derivative financial instruments	33(a)	-	1.8	-	-
Other	10	18.7	20.5	2.5	0.8
Assets held for sale	11	15.1	-	-	-
Total current assets		282.7	278.6	2,489.2	2,680.0
Non current assets					
Investments in controlled entities		-	-	447.7	447.7
Property, plant and equipment	12	1,461.8	1,442.3	6.3	7.4
Licences	13	1,220.8	1,230.1	597.2	597.2
Other intangible assets	14	3,680.7	3,676.5	7.2	26.4
Deferred tax assets	4	-	-	8.1	1.3
Derivative financial instruments	33(a)	66.8	29.7	-	-
Other	10	13.7	14.8	0.3	1.3
Total non current assets		6,443.8	6,393.4	1,066.8	1,081.3
TOTAL ASSETS		6,726.5	6,672.0	3,556.0	3,761.3
Current liabilities					
Payables	16	379.8	345.4	19.0	16.1
Interest bearing liabilities	17	390.0	390.0	-	-
Current tax liabilities		13.2	33.3	13.6	31.4
Provisions	18	114.7	122.3	18.3	1.9
Other	19	2.6	5.2	-	-
Liabilities held for sale	11	4.6	-	-	-
Total current liabilities		904.9	896.2	50.9	49.4
Non current liabilities					
Interest bearing liabilities	17	1,950.6	2,029.6	-	-
Deferred tax liabilities	4	271.7	246.1	-	-
Provisions	18	45.3	63.8	0.6	0.2
Derivative financial instruments	33(a)	167.3	73.4	-	-
Other	19	2.5	-	-	-
Total non current liabilities		2,437.4	2,412.9	0.6	0.2
TOTAL LIABILITIES		3,342.3	3,309.1	51.5	49.6
NET ASSETS		3,384.2	3,362.9	3,504.5	3,711.7
Equity					
Issued capital	20	3,192.3	3,176.3	3,198.0	3,197.2
Retained earnings	20	168.6	201.7	299.1	509.5
Reserves	20	15.2	(19.2)	7.4	5.0
Parent interests		3,376.1	3,358.8	3,504.5	3,711.7
Minority Interests	21	8.1	4.1	-	-
TOTAL EQUITY		3,384.2	3,362.9	3,504.5	3,711.7

The accompanying notes form an integral part of this balance sheet.

	Note	Consolidated		Tabcorp Holdings	
		2007	2006	2007	2006
		\$m	\$m	\$m	\$m
Cash flows from operating activities					
Net cash receipts in the course of operations		4,009.0	3,969.1	59.8	47.5
Payments to suppliers, service providers and employees		(2,057.1)	(1,893.6)	(72.3)	(53.8)
Payments of government levies, betting taxes and GST		(993.1)	(998.7)	(137.5)	(148.0)
Dividends received		-	-	296.6	471.0
Interest received		8.7	9.5	2.2	1.7
Finance costs paid		(161.4)	(162.7)	-	(0.2)
Income tax paid		(198.2)	(218.4)	(195.8)	(224.0)
Net cash flows from operating activities	22	607.9	705.2	(47.0)	94.2
Cash flows from investing activities					
Proceeds from sale of businesses		-	6.3	-	-
Payments for property, plant and equipment and intangibles		(166.8)	(236.1)	(2.4)	(23.9)
Proceeds from sale of property, plant and equipment and intangibles		5.8	38.0	-	0.2
Repayments of loans to controlled entities		-	-	526.1	409.2
Net cash flows from investing activities		(161.0)	(191.8)	523.7	385.5
Cash flows from financing activities					
Net proceeds/(repayments) from borrowings		22.0	(98.0)	-	-
Dividends paid		(348.4)	(299.5)	(348.4)	(299.5)
On-market share purchases for dividend reinvestment plan		(134.6)	(146.7)	(134.6)	(146.7)
Payments for on-market share buy back		(1.2)	(1.6)	(1.2)	(1.6)
Proceeds from issue of shares and exercise of options		-	13.9	-	13.9
Proceeds from issue of shares to minority interests		-	4.9	-	-
Proceeds from sale of treasury shares		-	1.5	-	-
Repayments of employee share loans		16.0	9.3	0.8	0.4
Net cash flows from financing activities		(446.2)	(516.2)	(483.4)	(433.5)
Net increase/(decrease) in cash held		0.7	(2.8)	(6.7)	46.2
Cash at the beginning of the financial year		206.6	209.4	46.6	0.4
Cash at the end of the financial year	22	207.3	206.6	39.9	46.6

The accompanying notes form an integral part of this cash flow statement.

Statement of recognised income and expense

For the year ended 30 June 2007



	Note	Consolidated		Tabcorp Holdings	
		2007	2006	2007	2006
		\$m	\$m	\$m	\$m
Change in fair value of cash flow hedges		45.9	(30.1)	-	-
Actuarial gain/(loss) on defined benefit plan	26	(0.8)	3.7	(0.8)	3.7
Income tax (expense)/benefit on items taken directly to equity	4(a)	(13.6)	8.0	0.3	(1.1)
Net income/(expense) recognised directly in equity		31.5	(18.4)	(0.5)	2.6
Net profit after tax		449.5	542.6	273.1	463.4
Total recognised income and expense for the period		481.0	524.2	272.6	466.0
Attributable to:					
Members of the parent entity		481.9	525.0	272.6	466.0
Minority interest		(0.9)	(0.8)	-	-
		481.0	524.2	272.6	466.0
Effects of changes in accounting policy on members of the parent entity:					
Retained earnings		-	0.7	-	-
Net unrealised gain/(loss) reserve		-	(3.2)	-	-
		-	(2.5)	-	-

The accompanying notes form an integral part of this statement of recognised income and expense.

1. Significant accounting policies and corporate information

Tabcorp Holdings Limited (the Company) is a company limited by shares which are traded on the Australian Stock Exchange. The Company is incorporated and domiciled in Australia. The financial report of the Company for the year ended 30 June 2007 comprises the Company and its subsidiaries (collectively referred to as the Group) and the Group's interest in joint ventures.

The financial report was authorised for issue by the Directors on 23 August 2007.

(a) Statement of compliance

New Australian Accounting Standards

Australian Accounting Standards that have been recently issued or amended but are not yet effective have not been applied to the financial report.

The following amendments by the AASB to Australian Accounting Standards are currently being assessed by management but are not expected to change accounting policies, or have a material impact on the Group's financial position and performance, however increased disclosures may be required in the Group's financial statements.

AASB Reference	Title	Application date for Group
AASB 7	Financial Instruments: Disclosures	1 July 2007
AASB 8	Operating Segments	1 July 2009
AASB 123	Borrowing Costs	1 July 2009
AASB 2005-10	Amendments to Australian Accounting Standards	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11	1 July 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8	1 July 2009
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	1 July 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123	1 July 2009
AASB 2007-7	Amendments to Australian Accounting Standards	1 July 2007
Interpretation 4	Determining whether an Arrangement contains a Lease	1 July 2008
Interpretation 10	Interim Financial Reporting and Impairment	1 July 2007
Interpretation 11	AASB 2 - Group and Treasury Share Transactions	1 July 2007

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

(b) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory financial reporting requirements in Australia.

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis, except for derivative financial instruments and pension assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged. Non current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The accounting policies have been applied consistently throughout the Group for the purposes of this financial report.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

(c) Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are described in note 15.

1. Significant accounting policies and corporate information (continued)

(d) Basis of consolidation

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial report from the date control commences until the date that control ceases. The financial statements of the controlled entities are prepared for the same reporting period as the Company, using consistent accounting policies.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement.

Jointly controlled entities

Investments in jointly controlled entities are accounted for using equity accounting principles and are carried at the lower of the equity accounted amount and the recoverable amount.

The Group's share of the jointly controlled entity's net profit or loss is recognised in the consolidated income statement from the date joint control commences until the date joint control ceases. Other movements in reserves are recognised directly in consolidated reserves.

Jointly controlled operations and assets

The interest of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls, the liabilities it incurs, the expenses it incurs, and the share of income that it earns from the sale of goods or services by the joint venture.

Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(e) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(f) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for cash flow hedge accounting, any resultant gain or loss may be deferred to reserves.

The fair value of interest rate swap and cross currency swap contracts is determined by reference to market values for similar instruments.

(g) Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge to the exposure to the variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non financial asset or liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, then the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

For cash flow hedges, the effective part of any gain or loss on the derivative financial instrument is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

1. Significant accounting policies and corporate information (continued)

(g) Hedging (continued)

When a hedging instrument expires or is sold, terminated or exercised, or the designation of the hedge relationship is revoked but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability of changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, any gain or loss on the derivative is recognised directly in the income statement.

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Wagering and gaming revenue

Revenue is recognised as the residual value after deducting the statutory return to customers from the wagering and gaming turnover.

Casino revenue

Revenue is recognised as the net gaming win plus the retail sale of food, beverages, accommodation and other services.

Fixed odds betting revenue

Revenue is recognised as the net win or loss on an event. The amounts bet on an event are recognised as a liability until the outcome of the event is determined, at which time the revenue is brought to account. Open betting positions are carried at fair market value and gains and losses arising on these positions are recognised in revenue.

Provision of technology services

Revenue is recognised where the contracted outcome can be reliably measured and control of the right to be compensated for the services exists under the contractual agreement.

Sale of goods

Revenue is recognised when:

- the significant risks and rewards of ownership of the goods have passed to the buyer;
- it is probable consideration will pass from the buyer in accordance with an established arrangement; and
- the amount of consideration can be reliably measured.

Media operations revenue

Revenue includes subscription income, advertising revenue and product recoveries, and is recognised once the service has been rendered.

Interest

Revenue is recognised as the interest accrues, using the effective interest rate method.

Dividends

Revenue is recognised when the right to receive payment is established.

(i) Finance costs

Finance costs are recognised as an expense when incurred.

(j) Taxation

Income tax

Income tax comprises current and deferred income tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- goodwill; and
- the initial recognition of an asset or liability in a transaction which is not a business combination and that affect neither accounting nor taxable profit at the time of the transaction.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1. Significant accounting policies and corporate information (continued)

(j) Taxation (continued)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(k) Cash

Cash comprises cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash for the purpose of the statement of cash flows.

(l) Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amount (where applicable). An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(m) Inventories

Inventories include consumable stores, food and beverages, finished goods and work in progress, and are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(n) Non current assets held for sale and discontinued operations

Assets classified as held for sale (and all assets and liabilities in a disposal group) are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in the income statement. The same applies to gains and losses on subsequent re-measurement. No depreciation or amortisation is charged on these assets while they are classified as held for sale.

A discontinued operation is a component of the Group's business that represents a separate major line of business or is a controlled entity acquired or held exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

(o) Investment in controlled entities

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

(p) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (refer to note 1(r)).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets

Leases where the lessee assumes substantially all the risks and rewards of ownership are classified as finance leases.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Depreciation

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment other than land, which is not depreciated.

Useful life

Buildings	10 - 95 years
Leasehold improvements	4 - 75 years
Plant and equipment	5 - 19 years

1. Significant accounting policies and corporate information (continued)

(q) Intangible assets

Goodwill arising from business combinations

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Impairment

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated at acquisition date to cash generating units expected to benefit from the business combination's synergies and is not amortised but is tested annually for impairment. Impairment is determined by assessing the recoverable amount of the cash generating unit, to which the goodwill relates. When the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses are recognised directly in the income statement and are not subsequently reversed.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

Refer to note 15 for further details of key assumptions included in the impairment calculation.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (refer to note 1(r)). The cost of internally developed software includes the cost of materials, direct labour and an appropriate proportion of overheads. Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Amortisation

Amortisation of intangible assets is charged to the income statement as follows:

Victorian wagering and gaming licence:

The licence has not been amortised as the payment to be received by the Company under Section 4 of the Gambling Regulation Act 2003 (Vic) at the end of the licence period is currently expected to be not less than the carrying value of the asset. The licence expires in 2012.

Star City casino licence:

The licence is amortised on a straight line basis from its date of issue until expiry in 2093.

Treasury casino licence:

The licence is amortised on a straight line basis over the remaining life of the licence from the date of acquisition until expiry in 2070.

Queensland Keno licence:

The licence is amortised on a straight line basis over the remaining life of the licence from the date of acquisition until expiry in 2022.

NSW wagering licence:

The licence is amortised on a straight line basis over the remaining life of the licence from the date of acquisition until expiry in 2097.

Other licences:

Other licences are amortised on a straight line basis over the life of the licences.

Other intangible assets:

Other intangibles relate to the contribution to the construction costs of the state government owned Gold Coast Convention and Entertainment Centre. The Group's Gold Coast casino is deriving future benefits from the contribution, which is being amortised over a period of 50 years.

Customer contracts are amortised over a period of 12 years, being the estimated life of the contracts.

Software is amortised on a straight line basis over its useful life, which varies from 5 to 8 years.

Intangibles relating to brand names, broadcast rights and media content are not being amortised as the Directors believe that the life of these intangibles to the Group will not materially diminish over time, and the residual value at the end of that life would be such that the amortisation charge, if any, would not be material. These assets, together with goodwill, are tested annually for impairment.

(r) Impairment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. When an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated as it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised immediately in the income statement.

Refer to note 15 for further details of key assumptions included in the impairment calculation.

1. Significant accounting policies and corporate information (continued)

(s) Payables

Payables are stated at amortised cost.

(t) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recorded as a finance cost.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced, has been announced publicly, or has no realistic probability of withdrawal. Future operating costs are not provided for in the provision for restructuring.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Self insurance

Where the Group self insures for workers' compensation, a provision is recognised in the balance sheet, which includes a prudential margin.

Management agreement

A provision was made for the management agreement for the Gold Coast and Brisbane casinos being the present value of the liability net of the asset acquired. The provision was included in the determination of the fair value of the net assets and liabilities of Jupiters Limited acquired in 2003. The increase in the provision due to the passage of time is recognised as a finance cost in the income statement.

(u) Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are recognised at amortised cost. Amortised cost is calculated using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised in addition to the amortisation process.

(v) Employee benefits

Post-employment benefits

Accumulation plan

The Group's commitment to accumulation plans is limited to making the contributions in accordance with the minimum statutory requirements. There is no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees relating to current and past employee services.

Contributions to accumulation plans are recognised as expenses in the income statement as the contributions become payable. A liability is recognised when the Group is required to make future payments as a result of employees' services provided.

Defined benefit plan

The Group operates a defined benefit plan which is recognised in the balance sheet as the difference between the present value of the estimated future benefits that will be payable to plan members and the fair value of the plan's assets. At reporting date, where the fair value of the plan assets exceeds the present value of the defined benefit obligations, the net surplus is recognised as an asset. When the fair value of the plan assets is less than the present value of the defined benefit obligation, the net deficit is recognised as a liability.

An annual adjustment is made to recognise all movements in the carrying amount of the plan as income or expense in the income statement, except for the portion of the movement that is attributable to actuarial gains and losses, which are recognised directly in equity. Actuarial gains and losses represent the difference between previous actuarial assumptions of future outcomes and the actual outcome, in addition to the effect of changes in actuarial assumptions.

Long service leave

The Group's net obligation in respect of long term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

Wages, salaries and annual leave

Liabilities for employee benefits of salaries, wages and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration rates the Group expects to pay, including related on-costs when the liability is expected to be settled.

Share based payment transactions

The Group operates the Long Term Performance Plan (LTPP), which is available at the most senior executive levels. Under the LTPP, employees may become entitled to Performance Options (and prior to December 2006, also Share Rights) in the Company.

1. Significant accounting policies and corporate information (continued)

(v) Employee benefits (continued)

The fair value of Performance Options and Share Rights is measured at grant date and is recognised as an employee expense (with a corresponding increase in equity) over four years (three years for instruments issued prior to 30 June 2006) irrespective of whether the Performance Options and Share Rights vest to the holder. A reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the four year period (three year period for instruments issued prior to 30 June 2006).

The fair value of the Performance Options and Share Rights is determined by an external valuer and takes into account the terms and conditions upon which the Performance Options and Share Rights were granted.

The dilutive effect, if any, of outstanding Performance Options and Share Rights is reflected in the computation of diluted earnings per share.

In addition, the Group operates the Short Term Performance Plan (STPP) and Medium Term Performance Plan (MTPP) for senior executives. Participants in the STPP have the opportunity to voluntarily sacrifice part or all of the award payable under the STPP into shares. The cost of the shares is recognised in the year of performance. Participants in the MTPP become entitled to Restricted Shares, which are subject to a two year service condition. The cost of the Restricted Shares is based on the market price at grant date and is recognised over a two year period.

Restricted Shares may be issued to executives as an incentive upon appointment or for retention. The fair value of Restricted Shares is recognised as an employee expense over the relevant vesting period.

Refer to note 25 for further details on the share based payment transactions.

(w) Rental in advance

The payment made for rental in advance for the Star City casino site for 12 years was deferred in the balance sheet at the nominal amount and amortised over 12 years commencing from the date of issue of the casino licence in 1994. The amount is now fully amortised.

The payment made for rental in advance in respect of a property adjacent to the Star City casino has been deferred in the balance sheet at the nominal amount and is being amortised over 95 years from the commencement of the rental of the site in 1997.

(x) Deferred revenue

Deferred revenue includes subscriptions received before the end of the financial year, but relating to future periods.

(y) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received.

Any transaction costs directly attributable to the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the share proceeds received.

The balance of limited recourse loans provided to employees to participate in employee share plans are recorded as a reduction in issued capital. No such loans have been granted since 2003.

Shares held in the Company by a special purpose entity established to administer an employee share plan are recorded as a reduction in issued capital. All shares were disposed of prior to 31 December 2005.

The amount which has been credited to the employee equity benefit reserve in relation to Performance Options and Share Rights is transferred to issued capital to the extent the relevant Performance Options and Share Rights vest.

(z) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services which are subject to risks and rewards that are different from those of other segments.

(aa) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ab) Capitalised costs

Capitalised costs relating to development projects and potential business acquisitions are recognised as an asset when it is:

- probable that any future economic benefit associated with the item will flow to the entity; and
- it can be reliably measured.

If it becomes apparent that the development or acquisition will not occur the amount is expensed to the income statement.

Notes to the financial statements

For the year ended 30 June 2007



	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
2. Revenue and expenses				
(a) Other revenues:				
Finance revenue	8.6	9.4	2.3	1.7
Dividend revenue received from controlled entities	-	-	296.6	471.0
Other revenue items	40.1	48.5	23.1	14.6
	48.7	57.9	322.0	487.3
(b) Other income:				
Net gain/(loss) on disposal of non current assets	(2.0)	8.5	(0.9)	0.2
Net gain on disposal of businesses	-	0.6	-	-
Net foreign exchange gain	0.5	2.7	-	-
	(1.5)	11.8	(0.9)	0.2
(c) Depreciation:				
- buildings	14.4	8.3	-	-
- leasehold improvements	14.3	13.7	-	-
- plant and equipment	75.4	83.7	1.5	1.0
	104.1	105.7	1.5	1.0
(d) Amortisation:				
- NSW wagering licence	3.7	3.7	-	-
- Star City and Treasury casino licences	3.2	3.1	-	-
- Queensland Keno licence	2.4	2.4	-	-
- customer contracts and relationships	0.2	0.2	-	-
- software	23.6	13.6	1.4	0.7
- rental in advance	4.7	10.0	-	-
- other	0.4	0.4	-	-
	38.2	33.4	1.4	0.7
(e) Impairment:				
- goodwill	-	59.7	-	-
- software	-	6.7	-	-
- assets held for sale	-	2.1	-	-
- property, plant and equipment	2.2	-	-	-
	2.2	68.5	-	-
(f) Employment costs:				
Included in employment costs:				
- defined benefit plan expense	0.6	1.3	0.6	1.3
- defined contribution plan expense	38.4	33.4	0.7	0.8
- share based payments expense	3.7	3.8	1.0	1.3
- reorganisation costs	37.0	6.7	27.5	1.2
	79.7	45.2	29.8	4.6
(g) Operating lease rentals:				
- minimum lease payments	27.6	25.8	1.5	2.2
(h) Finance costs:				
- other parties	165.0	161.2	-	0.2
- unwinding of discounts	7.3	4.7	-	-
	172.3	165.9	-	0.2

3. Auditor's remuneration

Amounts received or due and receivable by Ernst & Young for:

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
- audit and review of the financial report of the Company and any other entity in the Group	1,383	1,482	379	341
- other services in relation to the Company and any other entity in the Group:				
- other audit services	89	305	-	-
- other regulatory audit services	97	108	-	-
- other assurance	15	-	-	-
	1,584	1,895	379	341

The auditor of the Company and its controlled entities is Ernst & Young. From time to time, Ernst & Young provides other services to the Group, which are subject to strict corporate governance procedures encompassing the selection of service providers and the setting of their remuneration. The Chairman of the Audit Committee must approve any other services provided by Ernst & Young to the Group.

4. Income tax

(a) Income tax expense

The major components of income tax expense are:

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Current tax expense	181.8	224.8	(3.8)	(3.3)
Adjustments in respect of current income tax of previous years:				
- affecting provision for income tax	(4.4)	(3.0)	(1.4)	0.2
- affecting deferred tax balances	(2.0)	(10.7)	(0.3)	(0.9)
Deferred income tax expense relating to the origination and reversal of temporary differences	14.7	(58.7)	(6.6)	(0.3)
Income tax expense/(benefit) reported in the income statement	190.1	152.4	(12.1)	(4.3)

Aggregate current and deferred tax relating to items charged or credited to equity:

	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Change in value of cash flow hedges	13.9	(9.1)	-	-
Actuarial gain/(loss) on defined benefit plan	(0.3)	1.1	(0.3)	1.1
Income tax expense/(benefit) reported in equity	13.6	(8.0)	(0.3)	1.1

Income tax expense

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the income tax rate is as follows:

Accounting profit before income tax expense	639.6	695.0	261.0	459.1
At the Group's statutory income tax rate of 30%	(191.9)	(208.5)	(78.3)	(137.7)
- Dividends received	-	-	89.0	141.3
- Impairment of goodwill	-	(17.9)	-	-
- Prepaid rent	(1.6)	(6.0)	-	-
- International business costs	(1.3)	(4.1)	-	-
- Sundry items	(1.7)	2.3	(0.3)	-
- Recognition of tax benefit upon entry into tax consolidation and resetting tax values	-	70.7	-	-
- Over provision in prior years	6.4	11.1	1.7	0.7
Aggregate income tax (expense)/benefit	(190.1)	(152.4)	12.1	4.3

4. Income tax (continued)

(b) Deferred tax assets

The balance comprises temporary differences attributable to:

Amounts recognised in the income statement:

	2007 \$m	2006 \$m	2007 \$m	2006 \$m
Doubtful debts	2.5	3.3	-	-
Employee benefits	20.2	19.9	1.0	0.6
Merger/acquisition costs	3.6	4.5	0.8	-
Provision for management agreement	13.7	19.1	-	-
Provision for restructuring costs	5.6	3.2	4.3	-
Provision for onerous contract - surplus lease space	1.5	2.1	-	-
Fair value of cross currency swaps	8.3	3.6	-	-
Minor assets	1.0	1.5	-	0.1
Other provisions	1.3	5.0	1.6	0.1
Tax losses	-	0.6	-	0.6
Accrued expenses	11.3	7.0	1.1	0.8
Jackpots	2.0	3.4	-	-

Amounts recognised directly in equity:

Fair value of cash flow hedges	(3.7)	10.1	-	-
	67.3	83.3	8.8	2.2

Deferred tax assets set off	67.3	83.3	-	-
Deferred tax liabilities set off	-	-	0.7	0.9
Net deferred tax assets	-	-	8.1	1.3

Movements:

Opening balance at 1 July	83.3	86.8	2.2	1.6
Application of AASB 139	-	0.8	-	-
Credited/(charged) to the income statement	(2.1)	(13.4)	6.6	0.6
Credited/(charged) to equity	(13.9)	9.1	-	-
Closing balance at 30 June	67.3	83.3	8.8	2.2

(c) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Amounts recognised in the income statement:

Prepayments	5.1	4.7	-	-
Inventories	3.3	3.0	-	-
Unclaimed dividend adjustment	4.8	4.6	-	-
Prepaid rent	35.2	32.9	-	-
Fair value of US dollar private placement	7.3	3.2	-	-
Intangibles	11.8	5.2	0.4	0.2
Licences	187.1	189.9	-	-
Property, plant and equipment	83.2	84.3	0.2	0.3
Other	1.1	1.2	-	-

Amounts recognised directly in equity:

Actuarial gains/(losses) on defined benefit plans	0.1	0.4	0.1	0.4
	339.0	329.4	0.7	0.9

Deferred tax assets set off	67.3	83.3	-	-
Deferred tax liabilities set off	-	-	0.7	0.9
Net deferred tax liabilities	271.7	246.1	-	-

(c) **Deferred tax liabilities (continued)**

Movements:

Opening balance at 1 July	329.4	410.4	0.9	0.4
Charged/(credited) to the income statement	9.9	(82.1)	0.1	(0.6)
Charged/(credited) to equity	(0.3)	1.1	(0.3)	1.1
Closing balance at 30 June	339.0	329.4	0.7	0.9

Tax Consolidation

Effective 1 July 2002, Tabcorp Holdings Limited (the Head Company) and its 100% owned subsidiaries formed an income tax consolidation group. Members of the tax consolidation group entered into a tax sharing arrangement that provides for the allocation of income tax liabilities between the entities should the Head Company default on its tax payment obligations. At balance date, the possibility of default is remote.

Tab Limited and its 100% controlled entities joined the Tabcorp Holdings Limited tax consolidation group when full beneficial share ownership was attained on 20 September 2004. An income tax benefit of \$70.7 million was recognised in the prior year resulting from the finalisation of resetting the tax values of certain assets.

Tax effect accounting by members of the tax consolidation group

Members of the tax consolidation group have entered into a tax funding agreement effective from 1 July 2005. Under the terms of the tax funding agreement, the Head Company and each of the members in the tax consolidation group have agreed to make a tax equivalent payment to or from the Head Company, based on the current tax liability or current tax asset of the member. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 'Income Taxes'. Calculations under the tax funding agreement are undertaken for statutory reporting purposes.

The allocation of taxes under the tax funding agreement is recognised as either an increase or decrease in the subsidiaries' intercompany accounts with the tax consolidation group Head Company. The Group has chosen to adopt the Group Allocation method as outlined in UIG 1052 'Tax Consolidation Accounting' as the basis to determine each members' current and deferred taxes. The Group Allocation method as adopted by the Group will not give rise to any contribution or distribution of the subsidiaries' equity accounts as there will not be any differences between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under the Group Allocation method.

	Consolidated		Tabcorp Holdings	
Note	2007	2006	2007	2006
	\$m	\$m	\$m	\$m

5. Dividends

Dividends declared and paid during the year on ordinary shares:

(a)	Final dividend for 2006 of 45.0 cents (2005: 41.0 cents)	236.2	215.2	236.2	215.2
(b)	Interim dividend for 2007 of 47.0 cents (2006: 44.0 cents)	246.8	231.0	246.8	231.0
	20(b)	483.0	446.2	483.0	446.2

Dividends declared after balance date

Since the end of the financial year, the directors declared the following dividend:

Final - 47.0 cents per share (2006: 45.0 cents per share)

246.7	236.2	246.7	236.2
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The financial effect of this dividend has not been brought to account in the financial statements and will be recognised in subsequent financial reports (refer to note 31).

Franking credit balance

Franking credits available at the 30% corporate tax rate after allowing for tax payable provided for in the financial statements, payment of dividends provided and receipt of dividends receivable as at balance date - calculated under the tax paid basis:

191.3	214.9
85.6	113.7

Franking credits available once the impact of dividends declared after balance date has been incorporated:

Dividends on ordinary shares are fully franked at a tax rate of 30%.

6. Earnings per share
(a) Earnings used in calculating earnings per share

	2007 \$m	Consolidated 2006 \$m
Basic and diluted earnings per share		
Net profit attributable to members of the parent entity	450.4	543.4

(b) Weighted average number of shares used as the denominator

	2007 Number	Consolidated 2006 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	524,927,016	524,740,823
Effect of dilution:		
- Options and Performance Options	659,559	482,206
- Share Rights	406,940	226,285
Weighted average number of ordinary shares adjusted for the effect of dilution	525,993,515	525,449,314
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share.	51,665	86,466

(c) Information concerning the classification of securities
(i) Options and Performance Options

Options and Performance Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The Options and Performance Options have not been included in the determination of basic earnings per share. Details relating to Options and Performance Options are set out in note 25.

The following Performance Options granted are not included in the calculation of diluted earnings per share because they are not dilutive. These Performance Options could potentially dilute basic earnings per share in the future:

	Note	2007 Number	Consolidated 2006 Number
- Issue date 7 September 2004	25	-	1,042,225
- Issue date 3 March 2005	25	50,574	74,097
- Issue date 7 September 2005	25	731,765	1,277,029
- Issue date 3 March 2006	25	-	143,872
- Issue date 3 April 2006	25	112,500	112,500
- Issue date 17 November 2006	25	899,583	n/a

(ii) Share Rights

Share Rights granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The Share Rights have not been included in the determination of basic earnings per share. Details relating to Share Rights are set out in note 25.

There have been no other significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

7. Cash and cash equivalents

	2007 \$m	Consolidated 2006 \$m	Tabcorp Holdings 2007 \$m	2006 \$m
Cash on hand and in banks	108.4	112.8	4.7	1.3
Short term deposits, maturing within 30 days	93.8	93.8	35.2	45.3
	202.2	206.6	39.9	46.6

8. Receivables
Current

	2007 \$m	Consolidated 2006 \$m	Tabcorp Holdings 2007 \$m	2006 \$m
Trade debtors ⁽ⁱ⁾	26.6	29.3	-	-
Allowance for doubtful debts	(9.8)	(10.9)	-	-
	16.8	18.4	-	-
Sundry debtors	14.8	16.3	0.1	0.2
Amounts receivable from controlled entities	29	-	2,446.7	2,632.4
	31.6	34.7	2,446.8	2,632.6

(i) Trade debtors are non-interest bearing and are generally on 30-90 day terms.

	Note	Consolidated		Tabcorp Holdings	
		2007	2006	2007	2006
		\$m	\$m	\$m	\$m
9. Inventories					
Consumable stores at cost		16.7	15.9	-	-
Provision for obsolescence		(2.0)	(1.7)	-	-
		14.7	14.2	-	-
Finished goods and stores at net realisable value		0.4	0.8	-	-
		15.1	15.0	-	-
10. Other assets					
Current					
Prepayments		15.7	14.0	2.5	0.8
Rental in advance		0.3	5.0	-	-
Other		2.7	1.5	-	-
		18.7	20.5	2.5	0.8
Non current					
Prepayments		0.8	1.0	-	-
Rental in advance		11.5	11.8	-	-
Pension asset	26	0.3	1.3	0.3	1.3
Other		1.1	0.7	-	-
		13.7	14.8	0.3	1.3
11. Assets and liabilities held for sale					
Assets held for sale					
Current					
Cash and cash equivalents		5.1	-	-	-
Receivables		0.1	-	-	-
Property, plant and equipment		6.6	-	-	-
Intangibles		3.3	-	-	-
		15.1	-	-	-
Liabilities held for sale					
Current					
Payables		4.6	-	-	-
The assets and liabilities held for sale relate to certain International operations, which are intended to be disposed of in the next financial year.					
12. Property, plant and equipment					
Land and buildings:					
Freehold land:					
- at cost		111.2	113.6	-	-
Buildings:					
- at cost ⁽ⁱ⁾		881.3	842.7	-	-
- accumulated depreciation		(105.8)	(93.7)	-	-
		775.5	749.0	-	-
Total land and buildings, net		886.7	862.6	-	-
Leasehold improvements:					
- at cost ⁽ⁱ⁾		327.0	332.5	0.1	-
- accumulated depreciation		(91.1)	(83.9)	-	-
Total leasehold improvements, net		235.9	248.6	0.1	-
Plant and equipment:					
- at cost ⁽ⁱ⁾		894.2	830.2	11.2	11.9
- accumulated depreciation		(555.0)	(499.1)	(5.0)	(4.5)
Total plant and equipment, net		339.2	331.1	6.2	7.4
		1,461.8	1,442.3	6.3	7.4
(i) Includes capital works in progress of:					
Freehold land - at cost		1.6	1.6	-	-
Buildings - at cost		73.2	41.4	-	-
Leasehold improvements - at cost		2.0	10.9	0.1	-
Plant and equipment - at cost		49.6	49.5	2.7	2.9
Total capital works in progress		126.4	103.4	2.8	2.9

12. Property, plant and equipment (continued)
Reconciliations

	Freehold land \$m	Buildings \$m	Leasehold improvements \$m	Plant and equipment \$m
2007 - Consolidated				
Carrying amount at beginning of year	113.6	749.0	248.6	331.1
Additions	-	41.5	1.9	100.7
Reclassification/transfer	(1.8)	2.7	0.4	(0.2)
Disposals/write down	(0.6)	(2.0)	-	(1.1)
Impairment	-	(1.0)	-	(1.2)
Transfer to assets held for sale	-	-	-	(6.6)
Depreciation expense	-	(14.7)	(15.0)	(83.5)
Carrying amount at end of year	111.2	775.5	235.9	339.2
2007 - Tabcorp Holdings Limited				
Carrying amount at beginning of year	-	-	-	7.4
Additions	-	-	0.1	1.5
Reclassification/transfer	-	-	-	(0.9)
Disposals	-	-	-	(0.3)
Depreciation expense	-	-	-	(1.5)
Carrying amount at end of year	-	-	0.1	6.2
2006 - Consolidated				
Carrying amount at beginning of year	115.7	711.4	249.1	365.1
Additions	1.6	46.4	14.3	59.6
Reclassification/transfer	-	-	-	-
Disposals/write down	-	(0.3)	(0.4)	(2.8)
Transfer to assets held for sale	(3.7)	-	-	-
Depreciation/amortisation expense	-	(8.5)	(14.4)	(90.8)
Carrying amount at end of year	113.6	749.0	248.6	331.1
2006 - Tabcorp Holdings Limited				
Carrying amount at beginning of year	-	-	-	8.5
Additions	-	-	-	-
Reclassification/transfer	-	-	-	-
Disposals	-	-	-	(0.1)
Depreciation/amortisation expense	-	-	-	(1.0)
Carrying amount at end of year	-	-	-	7.4
	Consolidated	Consolidated	Tabcorp Holdings	Tabcorp Holdings
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m

13. Intangible assets - licences

Victorian wagering and gaming licence:				
- at cost	597.2	597.2	597.2	597.2
NSW wagering licence:				
- at cost	339.1	339.1	-	-
- accumulated amortisation	(11.1)	(7.4)	-	-
	328.0	331.7	-	-
Star City and Treasury casino licences:				
- at cost	294.7	294.7	-	-
- accumulated amortisation	(34.2)	(31.0)	-	-
	260.5	263.7	-	-
Queensland Keno licence:				
- at cost	43.7	43.7	-	-
- accumulated amortisation	(8.6)	(6.2)	-	-
	35.1	37.5	-	-
	1,220.8	1,230.1	597.2	597.2

13. Intangible assets - licences (continued)**Reconciliations**

	Victorian wagering & gaming licence \$m	NSW wagering licence \$m	Star City & Treasury casino licences \$m	Queensland Keno licence \$m
2007 - Consolidated				
Carrying amount at beginning of year	597.2	331.7	263.7	37.5
Amortisation expense	-	(3.7)	(3.2)	(2.4)
Carrying amount at end of year	597.2	328.0	260.5	35.1
2007 - Tabcorp Holdings Limited				
Carrying amount at beginning of year	597.2	-	-	-
Carrying amount at end of year	597.2	-	-	-
2006 - Consolidated				
Carrying amount at beginning of year	597.2	335.4	266.8	39.9
Amortisation expense	-	(3.7)	(3.1)	(2.4)
Carrying amount at end of year	597.2	331.7	263.7	37.5
2006 - Tabcorp Holdings Limited				
Carrying amount at beginning of year	597.2	-	-	-
Carrying amount at end of year	597.2	-	-	-

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m

14. Intangible assets - other

Goodwill:

- at cost	3,537.5	3,537.5	-	-
- accumulated impairment	(152.9)	(152.9)	-	-
	3,384.6	3,384.6	-	-

Customer contracts and relationships:

- at cost	2.9	2.9	-	-
- accumulated amortisation	(0.7)	(0.5)	-	-
	2.2	2.4	-	-

Software:

- at cost ⁽ⁱ⁾	251.9	232.1	10.5	31.8
- accumulated amortisation and impairment	(114.0)	(98.8)	(3.3)	(5.4)
	137.9	133.3	7.2	26.4

Other:

- at cost	20.6	20.5	-	-
- accumulated amortisation	(1.1)	(0.8)	-	-
	19.5	19.7	-	-

Brand names at cost

105.9	105.9	-	-
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Broadcast rights at cost

6.5	6.5	-	-
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Media content at cost

24.1	24.1	-	-
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3,680.7	3,676.5	7.2	26.4
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(i) Includes capital works in progress.

18.6	65.1	1.5	8.3
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14. Intangible assets - other (continued)**Reconciliations**

	Goodwill	Customer contracts & relationships	Software	Other	Brand names	Broadcast rights	Media content
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2007 - Consolidated							
Carrying amount at beginning of year	3,384.6	2.4	133.3	19.7	105.9	6.5	24.1
Additions - acquired	-	-	6.4	0.1	-	-	-
- internally developed	-	-	32.1	-	-	-	-
Reclassification/transfer	-	-	(0.4)	-	-	-	-
Disposals	-	-	(4.3)	-	-	-	-
Transfer to assets held for sale	-	-	(3.3)	-	-	-	-
Amortisation expense	-	(0.2)	(25.9)	(0.3)	-	-	-
Carrying amount at end of year	3,384.6	2.2	137.9	19.5	105.9	6.5	24.1

2007 - Tabcorp Holdings Ltd

Carrying amount at beginning of year	-	-	26.4	-	-	-	-
Additions - internally developed	-	-	0.7	-	-	-	-
Reclassification/transfer	-	-	(17.9)	-	-	-	-
Disposals	-	-	(0.6)	-	-	-	-
Amortisation expense	-	-	(1.4)	-	-	-	-
Carrying amount at end of year	-	-	7.2	-	-	-	-

	Goodwill	Customer contracts & relationships	Software	Other	Brand names	Broadcast rights	Media content
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2006 - Consolidated							
Carrying amount at beginning of year	3,444.3	2.7	44.9	18.2	105.9	6.5	24.1
Additions - acquired	-	-	8.4	1.9	-	-	-
- internally developed	-	-	103.4	-	-	-	-
Reclassifications/transfer	-	-	1.0	-	-	-	-
Disposals	-	-	(1.1)	-	-	-	-
Impairment	(59.7)	-	(7.5)	-	-	-	-
Amortisation expense	-	(0.3)	(15.8)	(0.4)	-	-	-
Carrying amount at end of year	3,384.6	2.4	133.3	19.7	105.9	6.5	24.1

2006 - Tabcorp Holdings Ltd

Carrying amount at beginning of year	-	-	3.2	-	-	-	-
Additions - acquired	-	-	1.2	-	-	-	-
- internally developed	-	-	22.7	-	-	-	-
Amortisation expense	-	-	(0.7)	-	-	-	-
Carrying amount at end of year	-	-	26.4	-	-	-	-

Notes to the financial statements

For the year ended 30 June 2007



15. Impairment testing of goodwill and intangibles with indefinite lives

Goodwill and intangible assets with indefinite useful lives (brand names, broadcast rights and media content) acquired through business combinations have been allocated to the applicable cash generating unit for impairment testing. Each cash generating unit represents a business operation of the Group.

Carrying amount of goodwill and intangible assets with indefinite useful lives allocated to each cash generating unit:

Cash generating unit (Segment)	Star City (Casinos) \$m	Conrad Jupiters (Casinos) \$m	Conrad Treasury (Casinos) \$m	Wagering Victoria (Wagering) \$m	Wagering NSW (Wagering) \$m	SKY Channel \$m	Gaming Victoria (Gaming) \$m	Queensland Keno (Gaming) \$m	Other ⁽ⁱ⁾ \$m	Total carrying amount \$m
2007 - Consolidated										
Goodwill	575.6	514.3	347.7	209.3	1,317.0	212.6	47.2	129.6	31.3	3,384.6
Brand names	-	-	-	-	98.8	6.7	-	-	0.4	105.9
Broadcast rights	-	-	-	-	-	-	-	-	6.5	6.5
Media content	-	-	-	-	-	24.1	-	-	-	24.1
	575.6	514.3	347.7	209.3	1,415.8	243.4	47.2	129.6	38.2	3,521.1
2006 - Consolidated										
Goodwill	575.6	514.3	347.7	207.6	1,317.0	212.6	47.2	129.6	33.0	3,384.6
Brand names	-	-	-	-	98.8	6.7	-	-	0.4	105.9
Broadcast rights	-	-	-	-	-	-	-	-	6.5	6.5
Media content	-	-	-	-	-	24.1	-	-	-	24.1
	575.6	514.3	347.7	207.6	1,415.8	243.4	47.2	129.6	39.9	3,521.1

(i) Represents an allocation to other cash generating units where the individual amount allocated per cash generating unit is not considered significant.

15. Impairment testing of goodwill and intangibles with indefinite lives (continued)

The recoverable amount of each cash generating unit is determined based on fair value less selling costs, which is calculated using the discounted cash flow approach. This approach utilises cash flow forecasts that are principally based upon Board-approved business plans for a five-year period and extrapolated using growth rates ranging from 2.0% to 4.5%. These cash flows are then discounted using a relevant pre-tax weighted average cost of capital, ranging from 12.9% to 15.2%.

Key assumptions

The following describes the key assumptions on which management based its cash flow projections when determining fair value less selling costs to undertake impairment testing of goodwill and intangibles:

i. Cash flow forecasts

The cash flow forecasts are based upon the Board approved five-year business plan for each cash generating unit.

Cash flows beyond the five-year period are extrapolated using growth rates which are either in line with or do not exceed the long-term average growth rate for the industry in which the cash generating unit operates.

The terminal growth rate used is in line with the forecast long term underlying growth rate in CPI.

ii. State tax regimes

The state tax regimes in which the Group operates remain largely unchanged.

iii. Regulatory

There are no regulatory amendments which would adversely impact gaming patronage or profitability of the casino properties.

iv. Discount rates

Discount rates used are the pre tax weighted average cost of capital applicable to the relevant industry in which the cash generating unit operates.

v. Victorian wagering and gaming licence

The Victorian wagering and gaming licence is assumed to expire in 2012, at which time the Company would receive a cash refund of \$687 million being the original cost of the licence plus a 15% premium. The premium is based on a formula outlined in the Gambling Regulation Act and assumes the Group has met the required revenue growth rates to achieve the premium.

The key estimates and assumptions used to determine the fair value less costs to sell of a cash generating unit are based on management's current expectations. Significant changes in any of these key estimates and assumptions may result in a cash generating unit's carrying value exceeding its recoverable value requiring an impairment charge to be recognised.

	Note	Consolidated		Tabcorp Holdings	
		2007	2006	2007	2006
		\$m	\$m	\$m	\$m
16. Payables					
Current					
Trade creditors and accrued expenses - unsecured	33(a)	379.8	345.4	19.0	16.1

17. Interest bearing liabilities

Current

Bank loans - unsecured		390.0	390.0	-	-
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Non current

Bank loans - unsecured		677.1	653.7	-	-
Medium term notes ⁽ⁱ⁾ :					
- fixed interest rate		382.8	382.3	-	-
- floating interest rate		64.8	64.8	-	-
Private placement ⁽ⁱⁱ⁾ :					
- US dollar ⁽ⁱⁱⁱ⁾		726.2	829.2	-	-
- Australian dollar		99.7	99.6	-	-
		1,950.6	2,029.6	-	-

(i) Mature in October 2011.

(ii) Mature in December 2014, December 2016 and December 2019.

(iii) Aggregate US dollar principal of \$625 million.

Fair value disclosures

Details of the fair value of the Group's interest bearing liabilities are set out in note 33(a).

17. Interest bearing liabilities (continued)
Financing arrangements

The Group has access to the following financing facilities:

	Consolidated 2007 \$m	Consolidated 2006 \$m	Tabcorp Holdings 2007 \$m	Tabcorp Holdings 2006 \$m
Total unsecured bank revolving & term loan facilities	1,405.0	1,550.0	-	-
Amount of facilities unused	336.0	503.0	-	-

The facilities consisted of:

Type	Amount \$m	2007 Expiry date	2006 Expiry date
Syndicated revolving facility	265.0	October 2007	October 2006
	375.0	October 2008	April 2008
	260.0	April 2010	April 2010
Revolving facility	125.0	October 2007	October 2006
	180.0	October 2008	April 2008
	145.0	Cancelled	April 2010
	200.0	March 2010	March 2010

Each of the above facilities is subject to a negative pledge agreement under which the Group undertakes to comply with financial undertakings as to its tangible net worth, gearing and interest cover.

18. Provisions
Current

	Note	Consolidated 2007 \$m	Consolidated 2006 \$m	Tabcorp Holdings 2007 \$m	Tabcorp Holdings 2006 \$m
Employee benefits		52.6	54.5	2.1	1.9
Workers' compensation	(a)	13.2	14.6	-	-
Onerous contract - surplus lease space	(b)	1.5	1.5	-	-
Management agreement - Gold Coast and Brisbane casinos	(c)	17.4	17.9	-	-
Restructuring costs	(d)	18.8	10.6	14.2	-
Other	(e)	11.2	23.2	2.0	-
		114.7	122.3	18.3	1.9

Non current

Employee benefits		10.7	11.4	0.3	0.2
Onerous contract - surplus lease space	(b)	3.5	5.4	-	-
Management agreement - Gold Coast and Brisbane casinos	(c)	28.3	45.7	-	-
Other	(e)	2.8	1.3	0.3	-
		45.3	63.8	0.6	0.2

Reconciliations

Reconciliations of the carrying amounts of each class of provision, including non current provisions, except for employee benefits, at the end of the current financial year are set out below.

	Consolidated 2007 \$m	Tabcorp Holdings 2007 \$m
(a) Workers' compensation		
Carrying amount at beginning of year	14.6	-
Provisions made during the year	3.9	-
Payments made during the year	(3.6)	-
Unused amounts reversed	(1.7)	-
Carrying amount at the end of the year	13.2	-
(b) Onerous contract - surplus lease space		
Carrying amount at beginning of year	6.9	-
Payments made during the year	(2.2)	-
Discount on provisions	0.3	-
Carrying amount at the end of the year	5.0	-

	Consolidated 2007 \$m	Tabcorp Holdings 2007 \$m
18. Provisions (continued)		
Reconciliations (continued)		
(c) Management agreement - Gold Coast and Brisbane casinos		
Carrying amount at beginning of year	63.6	-
Payments made during the year	(23.2)	-
Discount on provisions	5.3	-
Carrying amount at the end of the year	<u>45.7</u>	<u>-</u>
(d) Restructuring costs		
Carrying amount at beginning of year	10.6	-
Provisions made during the year	34.3	30.3
Payments made during the year	(26.1)	(16.1)
Carrying amount at the end of the year	<u>18.8</u>	<u>14.2</u>
(e) Other		
Carrying amount at beginning of year	24.5	-
Provisions made during the year	5.2	2.4
Payments made during the year	(13.8)	(0.1)
Unused amounts reversed	(1.9)	-
Carrying amount at the end of the year	<u>14.0</u>	<u>2.3</u>

(a) Workers' compensation

The casinos self insure for workers' compensation in both New South Wales and Queensland. A valuation of the estimated claims liability for workers' compensation is undertaken annually by an independent actuary, Mr Andrew Cohen FIAA FIA and Mr Mark Hurst FIAA (Finity Consulting Pty Ltd) (2006: Queensland - Mr Frank Funder FIAA).

The valuations are prepared in accordance with the relevant legislative requirements of each state and Professional Standard 300 of the Institute of Actuaries. The estimate of claims liability includes a margin over case estimates to allow for the future development of known claims, the cost of incurred but not reported (IBNR) claims and claims handling expenses, which are determined using a range of assumptions.

The Group provides a risk margin in addition to the actuarially estimated claims liability.

(b) Onerous contract - surplus lease space

In 1995, a 15 year non cancellable lease contract was entered into by Star City Pty Ltd for commercial premises in Ultimo, New South Wales. A surplus lease space provision has been recognised as the premises are not occupied by the Group and the lease expenses exceed the rental income from a number of sub-leases to third party tenants. The provision represents the present value of the estimated liability for the Group to the expiration of the lease in April 2010 for its obligations under the lease agreement, assuming no further space is sub-let.

(c) Management agreement - Gold Coast and Brisbane casinos

The Treasury and Gold Coast casinos were managed by a third party under contract at the time of the acquisition of Jupiters Limited by the Group in 2003. A provision of \$115.9m was included in the determination of the fair value of the net assets and liabilities acquired. The contract matures in April 2010.

(d) Restructuring costs

The restructuring provision relates principally to the creation of a group-wide shared services centre, and other business-led cost saving restructures and initiatives. The restructuring plan is expected to be completed in the next financial year.

	Consolidated 2007 \$m	Consolidated 2006 \$m	Tabcorp Holdings 2007 \$m	Tabcorp Holdings 2006 \$m
19. Other liabilities				
Current				
Deferred revenue	1.6	0.7	-	-
Other	1.0	4.5	-	-
	<u>2.6</u>	<u>5.2</u>	<u>-</u>	<u>-</u>
Non current				
Deferred revenue	2.5	-	-	-

20. Capital and reserves
(a) Issued capital

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Ordinary shares ^(a)	3,199.0	3,199.6	3,199.0	3,199.6
Treasury shares ^(a)	(6.7)	(23.3)	(1.0)	(2.4)
	3,192.3	3,176.3	3,198.0	3,197.2

(i) Ordinary shares

There is only one class of share (ordinary shares) on issue. These ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The Company does not have authorised capital nor par value in respect of its issued shares.

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Issued and fully paid	3,199.0	3,199.6	3,199.0	3,199.6

	2007		2006	
	Number of shares	\$m	Number of shares	\$m
Movements in ordinary share capital:				
Ordinary share capital at the beginning of the financial year	524,927,016	3,199.6	523,918,865	3,187.3
Issues:				
- employee deferred share plan ^(a)	51,595	0.8	8,151	0.1
- Options, Performance Options and Share Rights exercised	-	-	1,108,072	13.8
- buy backs	(51,595)	(0.8)	(108,072)	(1.7)
- transfer from employee equity benefit reserve ^(b)	-	0.2	-	1.1
- net outlay to purchase shares ^(c)	-	(0.8)	-	(1.0)
Ordinary share capital at the end of the financial year	524,927,016	3,199.0	524,927,016	3,199.6

(a) Refer to note 25 for details of the employee deferred share plan.

(b) Transfer on vesting of Performance Options and Share Rights.

(c) Net outlay for the purchase of Company shares for Performance Options and Share Rights exercised by certain executives in lieu of issuing new share capital.

(ii) Treasury shares

Treasury shares comprise:

- the balance of limited recourse loans provided to employees in employee share plans (loans ceased being granted in 2003);
- the unvested portion of Restricted Shares issued to executives as an incentive on appointment or for retention; and
- shares in the Company held by a special purpose entity established to administer an employee share plan (all shares disposed of prior to 31 December 2005).

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Movements in treasury shares:				
Treasury shares at the beginning of the financial year	(23.3)	(32.5)	(2.4)	(1.2)
Restricted shares issued	(0.4)	(1.9)	(0.4)	(1.9)
Share based payments expense - Company	0.1	-	0.1	-
Share based payments expense - other Group entities	0.9	0.3	0.9	0.3
Disposal of shares	-	1.5	-	-
Repayments ^(a)	16.0	9.3	0.8	0.4
Treasury shares at the end of the financial year	(6.7)	(23.3)	(1.0)	(2.4)

(a) Refer to note 25 for details of the employee share plans.

20. Capital and reserves (continued)
(b) Retained earnings
Movements in retained earnings:

Retained earnings at the beginning of the financial year		201.7	101.2	509.5	489.7
Application of AASB 139		-	0.7	-	-
Net actuarial gain/(loss) on defined benefit plan		(0.5)	2.6	(0.5)	2.6
Net profit attributable to members of the parent entity		450.4	543.4	273.1	463.4
Dividends paid	5	(483.0)	(446.2)	(483.0)	(446.2)
Retained earnings at the end of the financial year		168.6	201.7	299.1	509.5

(c) Reserves
Net unrealised gains/losses reserve ^(a)

Balance at start of period	(24.2)	-	-	-
Application of AASB 139	-	(3.2)	-	-
Change in fair value of cash flow hedges	32.0	(21.0)	-	-
Total for the period	7.8	(24.2)	-	-

Employee equity benefit reserve ^(a)

Balance at start of period	5.0	2.6	5.0	2.6
Share based payments expense - Company	0.9	1.3	0.9	1.3
Share based payments expense - other Group entities	1.7	2.2	1.7	2.2
Transfers to share capital ^(a)	(0.2)	(1.1)	(0.2)	(1.1)
Total for the period	7.4	5.0	7.4	5.0
Total reserves	15.2	(19.2)	7.4	5.0

(a) Transfer on vesting of Performance Options and Share Rights.

Nature and purpose of reserves

- (i) Records fair value changes on the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.
- (ii) Records the movement of equity benefits provided to executives and employees as part of their remuneration (refer to note 25).

21. Minority interest
Interest in:

Ordinary shares	9.9	4.9	-	-
Retained earnings	(1.8)	(0.8)	-	-
Closing balance	8.1	4.1	-	-

22. Notes to the cash flow statement
(a) Reconciliation of cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks, deposits at call and bank accepted bills, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

		Consolidated		Tabcorp Holdings	
		2007	2006	2007	2006
		\$m	\$m	\$m	\$m
Cash on hand and in banks	7	108.4	112.8	4.7	1.3
Short term deposits, maturing within 30 days	7	93.8	93.8	35.2	45.3
Assets held for sale	11	5.1	-	-	-
		207.3	206.6	39.9	46.6

(b) Reconciliation of net profit after tax to net cash flows from operating activities

Net profit after tax		449.5	542.6	273.1	463.4
Add/(less) items classified as investing/financing activities:					
- net gain on disposal of non current assets		2.0	(8.5)	0.9	(0.2)
- net gain on disposal of businesses		-	(0.6)	-	-
- write off development costs		-	2.2	-	2.2
Add/(less) non cash income and expense items:					
- depreciation expense		104.1	105.7	1.5	1.0
- amortisation expense		38.2	33.4	1.4	0.7
- impairment		2.2	68.5	-	-
- share based payment expense		3.7	3.8	1.0	1.3
- net fair value change on derivatives		0.5	1.2	-	-
Net cash provided by operating activities before changes in assets and liabilities		600.2	748.3	277.9	468.4
Changes in assets and liabilities:					
(Increase)/decrease in:					
- trade and sundry receivables		8.0	8.6	0.2	0.3
- inventories		(0.1)	0.4	-	-
- prepayments		(1.5)	5.4	(1.7)	1.8
- accrued interest income		0.1	0.1	(0.1)	-
- amounts receivable from controlled entities		-	-	(318.7)	(386.2)
- deferred tax assets		-	-	(6.5)	(0.9)
- other assets		(1.3)	(2.8)	-	(3.6)
(Decrease)/increase in:					
- payables		33.8	51.6	2.9	9.9
- provisions		(26.1)	(30.5)	16.8	(0.8)
- deferred tax liabilities		12.7	(66.8)	-	-
- provision for income tax		(20.1)	1.1	(17.8)	5.5
- other liabilities		2.2	(10.2)	-	(0.2)
Net cash from operating activities		607.9	705.2	(47.0)	94.2

23. Commitments

(a) Capital expenditure commitments

Plant and equipment

Contracted but not provided for and payable:

Not later than one year

Later than one year but not later than five years

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Not later than one year	47.1	32.7	0.4	0.8
Later than one year but not later than five years	9.5	-	-	-
	56.6	32.7	0.4	0.8

Software

Contracted but not provided for and payable:

Not later than one year

Not later than one year	5.1	14.3	1.0	3.4
	5.1	14.3	1.0	3.4

(b) Operating lease commitments

Contracted but not provided for and payable:

Not later than one year

Later than one year but not later than five years

Later than five years

Not later than one year	32.6	25.5	2.4	2.3
Later than one year but not later than five years	77.5	69.3	7.7	10.0
Later than five years	95.9	97.6	-	-
	206.0	192.4	10.1	12.3

Non cancellable sub leases exist in relation to the operating lease commitments disclosed above with the following future minimum lease payments contracted to be received:

Not later than one year

Later than one year but not later than five years

Not later than one year	1.4	1.4	-	-
Later than one year but not later than five years	1.7	3.2	-	-
	3.1	4.6	-	-

The Group leases property under operating leases expiring from 1 to 87 years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or are subject to market rate review.

(c) Operating expenditure commitments

Contracted but not provided for and payable ⁽ⁱ⁾:

Not later than one year

Later than one year but not later than five years

Later than five years

Not later than one year	48.0	43.1	-	-
Later than one year but not later than five years	194.0	161.3	-	-
Later than five years	86.2	69.0	-	-
	328.2	273.4	-	-

(i) Long term contracts for telecommunication services and racing club broadcast rights.

24. Segment information

The Group's primary format of segment reporting is on a business segment basis.

The Group has four main business segments:

Casinos	Casino operations including hotels, apartment complex, theatres, restaurants and bars.
Wagering	Comprises: <ul style="list-style-type: none"> - Totalizator and fixed odds betting activities; and - National and international broadcasting of racing and sporting events.
Gaming	Gaming machine and Keno operations in licensed clubs and hotels.
International	Technology and product sales and development of opportunities outside of Australia.

Effective 1 July 2006, the following changes were made to the Group's segments, reflecting operational changes, and the 2006 comparatives have been adjusted accordingly:

- Media operations were integrated into the Wagering segment;
- International Keno operations were transferred to the Gaming segment from the International segment; and
- International Trackside operations were transferred to the Wagering segment from the International segment.

The Group's business segments are predominantly located in, and provide services to one geographical segment, Australia. International's operations outside of Australia were not material in the reporting periods.

Inter segment pricing is determined on commercial terms and conditions.

	Casinos \$m	Wagering \$m	Gaming \$m	International \$m	Unallocated \$m	Elimination \$m	Consolidated \$m
2007 - Consolidated							
Total operating revenues - external	1,286.6	1,464.1	1,081.8	2.5	-	-	3,835.0
Other revenues - external	7.1	13.0	19.8	-	8.8	-	48.7
Intersegment revenue	4.8	-	-	-	-	(4.8)	-
Revenues	1,298.5	1,477.1	1,101.6	2.5	8.8	(4.8)	3,883.7
Segment Result	333.9	225.7	251.1	(6.5)			804.2
Unallocated interest revenue							8.6
Unallocated other revenue							0.2
Unallocated expenses							(1.1)
Unallocated finance costs							(172.3)
Profit before income tax							639.6
Income tax expense							(190.1)
Profit for the period							449.5
Depreciation and amortisation	67.9	49.5	23.8	1.1	-	-	142.3
Impairment losses recognised in the income statement	2.2	-	-	-	-	-	2.2
Non cash expenses other than depreciation and amortisation	(1.1)	1.7	0.3	-	-	-	0.9
Segment assets	3,139.2	2,714.2	782.4	23.6	67.1	-	6,726.5
Segment liabilities	254.8	209.1	50.7	12.1	2,815.6	-	3,342.3
Capital expenditure	89.0	43.0	44.8	5.9	-	-	182.7

24. Segment information (continued)

	Casinos \$m	Wagering \$m	Gaming \$m	International \$m	Unallocated \$m	Elimination \$m	Consolidated \$m
2006 - Consolidated							
Total operating revenues - external	1,324.5	1,403.3	1,046.6	2.5	-	-	3,776.9
Other revenues - external	7.2	10.8	20.4	-	19.5	-	57.9
Intersegment revenue	5.6	-	-	-	-	(5.6)	-
Revenues	1,337.3	1,414.1	1,067.0	2.5	19.5	(5.6)	3,834.8
Segment result (pre impairment of goodwill)	424.1	239.5	257.3	(16.1)			904.8
Segment Result	424.1	179.8	257.3	(16.1)			845.1
Unallocated interest revenue							9.4
Unallocated other revenue							10.1
Unallocated expenses							(3.7)
Unallocated finance costs							(165.9)
Profit before income tax							695.0
Income tax expense							(152.4)
Profit for the period							542.6
Depreciation and amortisation	72.3	43.1	22.4	0.6	0.7	-	139.1
Impairment losses recognised in the income statement	2.1	66.4	-	-	-	-	68.5
Non cash expenses other than depreciation and amortisation	1.8	0.4	0.7	-	-	-	2.9
Segment assets	3,205.6	2,719.4	687.2	27.7	32.1	-	6,672.0
Segment liabilities	249.1	214.1	36.7	12.8	2,796.4	-	3,309.1
Capital expenditure	98.2	84.2	41.0	0.3	-	-	223.7

25. Employee share plans

The Company has a number of share plans in operation which were established to enable eligible employees to own shares in the Company, and provide equity instruments to senior executives and management as a component of their remuneration.

The maximum number of shares that can be outstanding at any time under these plans is limited to 5% of the Company's issued capital.

These plans operate under the following names:

Plan type	Employee equity participation plans	Incentive equity plans
Current	Employee Deferred Share Plan (EDSP) ⁽ⁱ⁾	Short Term Performance Plan (STPP) ⁽ⁱⁱ⁾ Medium Term Performance Plan (MTPP) ^(iv) Long Term Performance Plan (LTPP) ⁽ⁱⁱⁱ⁾
Previous	General Employee Share Plan (GESP) ⁽ⁱ⁾	Senior Executive Long Term Incentive Plan (SELTIP) ⁽ⁱⁱ⁾

(i) Implemented in 2004.

(ii) Ceased being offered in 2003.

(iii) Implemented in 2003.

(iv) Implemented in 2007.

In addition, the Company has granted Restricted Shares to certain executives as an incentive upon appointment or for retention.

The share based payments expense in respect of the equity instruments granted is recognised in the income statement for the period and is disclosed at note 2(f).

The nature of each plan and other relevant information is described below:

Employee equity participation plans

The object of these plans is to provide the opportunity for eligible employees to own shares in the Company and align the interest of employees with those of shareholders.

Current

Under the EDSP, participants may acquire shares in the Company through salary sacrifice. A minimum of \$1,000 of shares and up to no more than 50% of remuneration may be purchased under the EDSP each year. Shares are acquired in quarterly instalments at the volume weighted average share price at the time of allocation.

25. Employee share plans (continued)

Previous

Participants in the GESP received an interest free loan to acquire shares in the Company. The loans mature either five years after commencement or upon cessation of employment and are repaid by way of instalments through salary deductions. All remaining loans mature by September 2008.

Incentive equity plans

Current

A detailed explanation of the current incentive equity plans are disclosed in the Remuneration report.

Previous

Under the SELTIP, participants received a low interest loan from the Company to acquire shares at the prevailing market price at the time of allocation. Interest is charged bi-annually at the lower of either 4.0% per annum on the outstanding loan balance at the date dividends are paid or an amount equal to the dividend paid, net of the tax reimbursement. Any dividends paid on the shares in excess of the interest payable under the loan are paid to the plan participants. The remaining loans only mature upon cessation of employment of the remaining participants.

Set out below are summaries of Performance Options and Share Rights granted under long term performance plans and service agreements.

Details of employee share plans

Options, Performance Options and Share Rights Issued

Grant date	Exercise expiry date	Exercise price (\$)	
		Options & Performance Options	Share Rights
7 October 2002 ⁽ⁱ⁾	7 October 2005	12.61	n/a
7 October 2002 ⁽ⁱ⁾	7 October 2010	12.61	n/a
1 December 2003	1 December 2010	11.23	Nil
7 September 2004	7 September 2011	14.54	Nil
3 March 2005	3 March 2012	17.03	Nil
7 September 2005	7 September 2012	16.51	Nil
3 March 2006	3 March 2013	15.08	Nil
3 April 2006	3 April 2013	15.42	Nil
17 November 2006	17 November 2013	15.22	Nil

- (i) Equity instruments granted under a service agreement. These equity instruments have not been recognised as an expense in the income statement as AASB 2 'Share based Payment' excludes Options granted on or before 7 November 2002. The first tranche vested at grant date, and the second tranche can only be exercised if certain annual and cumulative benchmarks are achieved.

Consolidated and Tabcorp Holdings - 2007

Grant date	WASP at exercise date ⁽ⁱⁱ⁾ \$	Balance at the start of the year Number	Granted during the year Number	Forfeited during the year Number	Exercised during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
Options and Performance Options:							
7 October 2002	n/a	1,000,000	-	-	-	1,000,000	85,165
1 December 2003	16.02	1,025,337	-	28,488	102,793	894,056	-
7 September 2004	15.49	1,042,225	-	73,853	17,413	950,959	-
3 March 2005	n/a	74,097	-	23,523	-	50,574	-
7 September 2005	n/a	1,277,029	-	545,264	-	731,765	-
3 March 2006	n/a	143,872	-	12,500	-	131,372	-
3 April 2006	n/a	112,500	-	-	-	112,500	-
17 November 2006	n/a	-	1,123,103	223,520	-	899,583	-
		4,675,060	1,123,103	907,148	120,206	4,770,809	85,165
Share Rights:							
1 December 2003	15.94	129,854	-	5,567	14,000	110,287	-
7 September 2004	15.20	141,378	-	13,670	2,368	125,340	-
3 March 2005	n/a	13,699	-	4,798	-	8,901	-
7 September 2005	15.20	175,628	-	53,859	1,311	120,458	-
3 March 2006	n/a	21,366	-	2,536	-	18,830	-
3 April 2006	n/a	15,000	-	-	-	15,000	-
17 November 2006	n/a	-	2,628	2,143	-	485	-
		496,925	2,628	82,573	17,679	399,301	-

25. Employee share plans (continued)

Options, Performance Options and Share Rights Issued (continued)

Consolidated and Tabcorp Holdings - 2006

Grant date	WASP at exercise date ⁽ⁱⁱ⁾ \$	Balance at the start of the year Number	Granted during the year Number	Forfeited during the year Number	Exercised during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
Options and Performance Options:							
7 October 2002	16.39	1,000,000	-	-	1,000,000	-	n/a
7 October 2002	n/a	1,000,000	-	-	-	1,000,000	85,165
1 December 2003	15.49	1,267,931	-	60,898	181,696	1,025,337	-
7 September 2004	15.38	1,190,580	-	67,707	80,648	1,042,225	-
3 March 2005	n/a	84,605	-	10,508	-	74,097	-
7 September 2005	n/a	-	1,331,944	54,915	-	1,277,029	-
3 March 2006	n/a	-	179,901	36,029	-	143,872	-
3 April 2006	n/a	-	112,500	-	-	112,500	-
		4,543,116	1,624,345	230,057	1,262,344	4,675,060	85,165

Share Rights:

1 December 2003	15.54	168,836	-	12,440	26,542	129,854	-
7 September 2004	15.38	166,156	-	13,811	10,967	141,378	-
3 March 2005	n/a	15,842	-	2,143	-	13,699	-
7 September 2005	15.41	-	184,964	5,604	3,732	175,628	-
3 March 2006	n/a	-	26,240	4,874	-	21,366	-
3 April 2006	n/a	-	15,000	-	-	15,000	-
		350,834	226,204	38,872	41,241	496,925	-

(ii) Denotes the weighted average share price at the date of exercise.

The weighted average remaining contractual life for the Options, Performance Options and Share Rights outstanding as at 30 June 2007 is:

- Options and Performance Options: 4.5 years (2006: 5.2 years)
- Share Rights: 4.4 years (2006: 5.5 years)

Fair value of equity instruments

The Options, Performance Options and Share Rights have been independently valued at the date of grant using a Monte-Carlo simulation-based model and Binomial Tree methodology.

The assumptions underlying the Options, Performance Options and Share Rights valuations are:

Grant date	Expiry date	Share price at date of grant \$	Expected volatility in share price ⁽ⁱ⁾ %	Expected dividend yield ⁽ⁱⁱ⁾ %	Risk free interest rate ⁽ⁱⁱⁱ⁾ %	Value per Performance Option \$	Value per Share Right \$
7 Oct 2002	7 Oct 2005	12.11	20.70	5.20	4.99	0.93	-
7 Oct 2002	7 Oct 2010	12.11	20.70	5.20	5.14 ^(iv)	1.51	-
1 Dec 2003	1 Dec 2010	11.19	19.80	6.00	5.98	1.31	5.65
7 Sep 2004	7 Sep 2011	14.57	16.00	4.90	5.53	1.81	8.72
3 Mar 2005	3 Mar 2012	16.81	16.00	4.50	5.56	2.16	10.29
7 Sep 2005	7 Sep 2012	16.35	16.00	4.95	5.10	1.86	10.01
3 Mar 2006	3 Mar 2013	15.00	16.00	5.00	5.31	1.73	9.21
3 Apr 2006	3 Apr 2013	15.85	16.00	5.00	5.40	2.01	9.75
17 Nov 2006	17 Nov 2013	16.69	15.00	5.00	5.83 / 5.89 ^(v)	2.42	10.18
17 Nov 2006	17 Nov 2013	16.69	15.00	5.00	5.83	2.29	-

(i) Reflects the assumption that the historical volatility is indicative of future trends.

(ii) Reflects the assumption that the current payout ratio will continue with no anticipated increases.

(iii) Represents the zero coupon interest rate derived from government bond market interest rates on the valuation date and vary according to each maturity date.

(iv) Represents an average of the rates used to value each of the four tranches that comprise the issue.

(v) Risk free interest rate used for Performance Options and Share Rights respectively.

26. Pensions and other post employment benefit plans

Superannuation funds

The Tabcorp Superannuation Plan comprises:

- an accumulation section - providing benefits based on contributions accumulated with interest; and
- a defined benefit section (closed to new entrants) - providing benefits based on salary and length of service.

The Group contributes to the Tabcorp Superannuation Plan as follows:

- the accumulation section at rates specified in the governing rules; and
- the defined benefit section at rates recommended by the actuary.

In addition, the Group contributes superannuation on behalf of some employees to:

- Industry Funds as required by Enterprise Agreements; and
- other nominated superannuation funds following changes to superannuation legislation from 1 July 2005.

The following tables summarise the components of net benefit expense recognised in the Group's income statement and the funded status and amounts recognised in the Group's balance sheet for the defined benefit section of the Tabcorp Superannuation Plan.

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Movements in the net asset/(liability) recognised in the balance sheet				
Net asset/(liability) for the defined benefit obligation at the beginning of the year	1.3	(1.4)	1.3	(1.4)
Expense recognised in the income statement	(0.6)	(1.3)	(0.6)	(1.3)
Actuarial gains/(losses) recognised in retained earnings	(0.8)	3.7	(0.8)	3.7
Employer contributions	0.4	0.3	0.4	0.3
Net asset/(liability) for defined benefit obligation at the end of the year	0.3	1.3	0.3	1.3
Net benefit expense recognised in the income statement				
Current service cost	1.2	1.0	1.2	1.0
Interest cost on benefit obligation	1.1	1.0	1.1	1.0
Expected return on plan assets	(1.7)	(1.5)	(1.7)	(1.5)
Plan assets used to fund contribution holiday	-	0.8	-	0.8
Net benefit expense	0.6	1.3	0.6	1.3
Actual return on plan assets	2.2	4.6	2.2	4.6
Reconciliation of the net asset/(liability) recognised on the balance sheet				
Present value of defined benefit obligation	(24.5)	(22.6)	(24.5)	(22.6)
Fair value of plan assets	24.8	23.9	24.8	23.9
Net benefit asset/(liability) - non current	0.3	1.3	0.3	1.3
Reconciliation of the present value of the defined benefit obligation				
Opening defined benefit obligation	(22.6)	(24.6)	(22.6)	(24.6)
Interest cost	(1.1)	(1.0)	(1.1)	(1.0)
Current service cost	(1.2)	(1.0)	(1.2)	(1.0)
Benefits and taxes paid	2.1	3.5	2.1	3.5
Plan participants' contributions	(0.3)	(0.1)	(0.3)	(0.1)
Actuarial gains/(losses) on obligation	(1.4)	0.6	(1.4)	0.6
Closing defined benefit obligation	(24.5)	(22.6)	(24.5)	(22.6)

The Group has a legal liability to make up a deficit in the plan and also a legal right to benefit from any surplus in the plan.

26. Pensions and other post employment benefit plans (continued)

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Reconciliation of the fair value of plan assets				
Opening fair value of plan assets	23.9	23.2	23.9	23.2
Expected return	1.7	1.5	1.7	1.5
Contributions by employer	0.4	0.3	0.4	0.3
Benefits and taxes paid	(2.1)	(3.5)	(2.1)	(3.5)
Plan participants' contributions	0.3	0.1	0.3	0.1
Actuarial gains/(losses)	0.6	3.1	0.6	3.1
Plan assets used to fund contribution holiday	-	(0.8)	-	(0.8)
Fair value of plan assets	24.8	23.9	24.8	23.9

Amounts recognised in the statement of recognised income and expense

Actuarial gain/(loss)	(0.8)	3.7	(0.8)	3.7
Cumulative actuarial gains/(losses)	1.8	2.7	1.8	2.7

The history of experience adjustments is as follows:

Experience adjustments - plan liabilities	(1.7)	0.3	(1.7)	0.3
Experience adjustments - plan assets	0.6	3.0	0.6	3.0

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2007	2006
	%	%
Australian equities	29.0	29.0
International equities	29.0	29.0
Australian fixed interest	10.0	10.0
International fixed interest	13.0	13.0
Listed property	6.7	7.5
Direct property	3.3	2.5
Cash	3.0	3.0
Other	6.0	6.0

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Actuarial assumptions

The principal actuarial assumptions used in determining pension obligations for the Group's plans are shown below (expressed as weighted averages):

	2007	2006
	% pa	% pa
Discount rate:		
- active members	5.3	4.9
- pensioners ⁽ⁱ⁾	6.2	5.8
Expected salary increase rate	4.5	4.5
Expected pension increase rate	2.5	2.5
Expected rate of return on assets:		
- supporting lump sum liabilities	7.0	7.0
- supporting pensioner liabilities ⁽ⁱ⁾	8.0	8.0

(i) Assets backing pension liabilities are not subject to tax.

26. Pensions and other post employment benefit plans (continued)**Actuarial review**

The most recent actuarial review of the Tabcorp Superannuation Plan was undertaken as at 1 May 2005 by the Fund's Actuary, Mr John Smith BA (Maths) FIAA of The Heron Partnership. Details of the Group's defined benefit plan as extracted from that review:

	<u>\$m</u>
At 1 May 2005	
Accrued benefits	(21.5)
Net market value of plan assets	26.0
Surplus of net market value of plan assets over accrued benefits	<u>4.5</u>

Employer contributions to the Group's defined benefit plan are based on recommendations by the plan's actuary. Comprehensive actuarial valuations are made at no more than three yearly intervals, and the last such assessment was made at 1 May 2005.

The objective of the valuation is to ensure that the benefit entitlements of employees are fully funded by the time they become payable. To achieve this objective, the actuary has used a method of determining accrued benefits that is consistent with Professional Standard 402 and Guidance Note 454 issued by The Institute of Actuaries of Australia.

Funding recommendations made by the actuary are based on assumptions of various matters such as investment returns, future salary increases, insurance premiums, death and disablement rates and taxation rates.

The financing method adopted is to target coverage of vested benefits. Based on this financing method and the actuarial assumptions, the actuary recommended that the Group maintain its current contribution rate in respect of defined benefit members.

27. Director and executive disclosures**(a) Details of key management personnel (KMP)**

Name	Position	Period of KMP responsibility if less than full year
Directors		
Current		
Michael Robinson	Chairman	
Anthony Hodgson	Deputy Chairman	
Paula Dwyer	Director (Non Executive)	
Philip Satre	Director (Non Executive)	
John Story	Director (Non Executive)	
Zygmunt Switkowski	Director (Non Executive)	From 2 October 2006
Pending regulatory approval		
John O'Neill	Director (Non Executive)	
Former		
Matthew Slatter	Managing Director and Chief Executive Officer	To 14 March 2007
Richard Warburton	Director (Non Executive)	To 27 November 2006
Lawrence Willett	Director (Non Executive)	To 27 November 2006
Executives		
Current		
Elmer Funke Kupper	Acting Chief Executive Officer	From 14 March 2007
	Chief Executive, Australian Business	To 13 March 2007
Matt Bekier	Chief Financial Officer	
Walter Bugno	Chief Executive, Casinos	
Peter Caillard	Executive General Manager, Strategy and Development	
Mohan Jesudason	Managing Director, Gaming	From 14 March 2007
Robert Nason	Managing Director, Wagering	From 14 March 2007
Kerry Willcock	Executive General Manager, Corporate and Legal	
Former		
George Mackey	Executive General Manager, Technical Services	To 11 December 2006
Julia Nenke	Executive General Manager, Human Resources	To 30 April 2007

27. Director and executive disclosures (continued)**(b) Compensation of KMP**

	Consolidated		Tabcorp Holdings	
	2007	2006	2007	2006
	\$	\$m	\$	\$
Short term	9,307,091	11,272,818	9,307,091	11,272,818
Other long term	(22,002)	192,862	(22,002)	192,862
Post employment	232,888	513,260	232,888	513,260
Termination benefits	4,413,132	3,690,510	4,413,132	3,690,510
Share based payment	2,656,288	2,742,584	2,656,288	2,742,584
	16,587,397	18,412,034	16,587,397	18,412,034

The above reflects the compensation for the year for individuals who were a KMP at any time during the year. The compensation for the period while the individuals were a KMP is \$14,890,731 (2006: \$16,539,799).

The Company has applied the exemption under Corporations Amendment Regulations 2006 to transfer remuneration disclosures in relation to the KMP to the Remuneration report section of the Directors' report. These transferred disclosures have been audited.

(c) Shareholdings of KMP

30 June 2007

Shares held in Tabcorp Holdings Limited (number)

	Balance 1 July 2006	Granted as remuneration	On exercise of Options, Performance Options and Share Rights	Net change other	Balance at KMP cessation date	30 June 2007
Directors						
Current						
Michael Robinson	45,565	-	-	-	n/a	45,565
Anthony Hodgson	100,105	-	-	65	n/a	100,170
Paula Dwyer	10,000	-	-	10,000	n/a	20,000
Philip Satre	8,000	-	-	-	n/a	8,000
John Story	13,149	-	-	-	n/a	13,149
Zygmunt Switkowski ^(a)	33,800	-	-	-	n/a	33,800
Former						
Matthew Slater	2,071,130	-	-	-	2,071,130	n/a
Richard Warburton	23,456	-	-	-	23,456	n/a
Lawrence Willett	2,904	-	-	86	2,990	n/a
Executives						
Current						
Elmer Funke Kupper	97,000	-	-	-	n/a	97,000
Matt Bekier	-	1,819	-	-	n/a	1,819
Walter Bugno	30,000	-	-	-	n/a	30,000
Peter Caillard	105,740	15,000	-	-	n/a	120,740
Mohan Jesudason	158,625	-	-	-	n/a	158,625
Robert Nason	10,000	-	-	-	n/a	10,000
Kerry Willcock	715	-	-	-	n/a	715
Former						
George Mackey	11,162	3,504	-	-	14,666	n/a
Julia Nenke	942	-	-	-	942	n/a
Total	2,722,293	20,323	-	10,151	2,113,184	639,583

(a) Became a Director on 2 October 2006 following receipt of all necessary regulatory approvals.

27. Director and executive disclosures (continued)
(c) Shareholdings of KMP (continued)

30 June 2006

Shares held in Tabcorp Holdings Limited (number)

	Balance 1 July 2005	Granted as remuneration	On exercise of Options, Performance Options and Share Rights	Net change other	Balance at KMP cessation date	30 June 2006
Directors						
Current						
Michael Robinson	45,565	-	-	-	n/a	45,565
Matthew Slatter	1,040,440	30,690	1,000,000	-	n/a	2,071,130
Paula Dwyer ^(a)	5,000	-	-	5,000	n/a	10,000
Anthony Hodgson	100,049	-	-	56	n/a	100,105
Philip Satre	8,000	-	-	-	n/a	8,000
John Story	8,149	-	-	5,000	n/a	13,149
Richard Warburton	23,456	-	-	-	n/a	23,456
Lawrence Willett	2,755	-	-	149	n/a	2,904
Former						
Warren Wilson ^(b)	50,000	-	-	-	50,000	n/a
Executives						
Current						
Walter Bugno	-	30,000	-	-	n/a	30,000
Peter Caillard	175,620	2,716	-	(72,596)	n/a	105,740
Elmer Funke Kupper	-	97,000	-	-	n/a	97,000
Mohan Jesudason	154,595	4,030	-	-	n/a	158,625
George Mackey	4,640	6,522	-	-	n/a	11,162
Julia Nenke	-	942	-	-	n/a	942
Kerry Willcock	-	715	-	-	n/a	715
Former						
David Banks ^(c)	408,167	5,981	-	-	414,148	n/a
David Elmslie ^(d)	261,553	4,851	-	(255,000)	11,404	n/a
Paul Gulbenkian	82,500	2,119	-	-	84,619	n/a
Michael Piggott	247,545	5,231	-	(124,965)	127,811	n/a
Total	2,618,034	190,797	1,000,000	(442,356)	687,982	2,678,493

(a) Became a Director on 30 August 2005 following receipt of all necessary regulatory approvals.

(b) Retired as a Director on 28 November 2005.

(c) Issued 163,755 shares on the exercise of Performance Options and Share Rights subsequent to cessation date (vested at termination).

(d) Issued 108,072 shares on the exercise of Performance Options and Share Rights subsequent to cessation date (vested at termination).

27. Director and executive disclosures (continued)**(d) Options, Performance Options and Share Rights holdings of KMP**

30 June 2007

Options and Performance Options held in Tabcorp Holdings Limited (number)

	Balance 1 July 2006	Granted as remuneration	Options exercised	Net reduction other *	Balance at	Vested at 30 June 2007		
					KMP cessation date	30 June 2007	Total	Exercisable
Current								
Elmer Funke Kupper	112,500	123,626	-	-	n/a	236,126	-	-
Matt Bekier	-	96,154	-	-	n/a	96,154	-	-
Walter Bugno	112,500	123,626	-	-	n/a	236,126	-	-
Peter Caillard	108,983	59,003	-	-	n/a	167,986	-	-
Mohan Jesudason	167,236	74,176	-	-	n/a	241,412	-	-
Robert Nason	-	70,804	-	-	n/a	70,804	-	-
Kerry Willcock	43,562	48,832	-	-	n/a	92,394	-	-
Former								
Matthew Slatter ^(a)	1,978,122	-	-	318,080	1,660,042	n/a	85,165	85,165
George Mackey	123,388	60,440	-	84,482	99,346	n/a	-	-
Julia Nenke	47,395	58,379	-	61,660	44,114	n/a	-	-
Total	2,693,686	715,040	-	464,222	1,803,502	1,141,002	85,165	85,165

* Includes forfeitures.

(a) Opening balance included Options issued under a service agreement.

30 June 2007

Share Rights held in Tabcorp Holdings Limited (number)

	Balance 1 July 2006	Granted as remuneration	Rights exercised	Net reduction other *	Balance at	Vested at 30 June 2007		
					KMP cessation date	30 June 2007	Total	Exercisable
Current								
Elmer Funke Kupper	15,000	-	-	-	n/a	15,000	-	-
Matt Bekier	-	-	-	-	n/a	-	-	-
Walter Bugno	15,000	-	-	-	n/a	15,000	-	-
Peter Caillard	14,829	-	-	-	n/a	14,829	-	-
Mohan Jesudason	22,756	-	-	-	n/a	22,756	-	-
Robert Nason	-	-	-	-	n/a	-	-	-
Kerry Willcock	5,925	-	-	-	n/a	5,925	-	-
Former								
Matthew Slatter	44,363	-	-	14,420	29,943	n/a	-	-
George Mackey	16,790	-	-	4,088	12,702	n/a	-	-
Julia Nenke	6,446	-	-	2,549	3,897	n/a	-	-
Total	141,109	-	-	21,057	46,542	73,510	-	-

* Includes forfeitures.

27. Director and executive disclosures (continued)

(d) Options, Performance Options and Share Rights holdings of KMP (continued)

30 June 2006

Options and Performance Options held in Tabcorp Holdings Limited (number)

	Balance 1 July 2005	Granted as remuneration	Options exercised	Net reduction other *	Balance at KMP cessation date	30 June 2006	Vested at 30 June 2006 Total	Exercisable
Current								
Matthew Slatter ^(a)	2,660,042	318,080	1,000,000	-	n/a	1,978,122	85,165	85,165
Walter Bugno	-	112,500	-	-	n/a	112,500	-	-
Peter Caillard	71,037	37,946	-	-	n/a	108,983	-	-
Elmer Funke Kupper	-	112,500	-	-	n/a	112,500	-	-
Mohan Jesudason	119,022	48,214	-	-	n/a	167,236	-	-
George Mackey	85,442	37,946	-	-	n/a	123,388	-	-
Julia Nenke	-	47,395	-	-	n/a	47,395	-	-
Kerry Willcock	-	43,562	-	-	n/a	43,562	-	-
Former								
David Banks ^(b)	189,759	71,551	-	-	261,310	n/a	-	-
David Elmslie ^(c)	153,915	58,036	-	-	211,951	n/a	-	-
Paul Gulbenkian	62,528	35,714	-	-	98,242	n/a	-	-
Michael Piggott	150,749	66,964	-	-	217,713	n/a	-	-
Anne Tasker	-	36,029	-	36,029	-	n/a	-	-
Total	3,492,494	1,026,437	1,000,000	36,029	789,216	2,693,686	85,165	85,165

30 June 2006

Share Rights held in Tabcorp Holdings Limited (number)

	Balance 1 July 2005	Granted as remuneration	Rights exercised	Net reduction other *	Balance at KMP cessation date	30 June 2006	Vested at 30 June 2006 Total	Exercisable
Current								
Matthew Slatter	29,943	14,420	-	-	n/a	44,363	-	-
Walter Bugno	-	15,000	-	-	n/a	15,000	-	-
Peter Caillard	9,668	5,161	-	-	n/a	14,829	-	-
Elmer Funke Kupper	-	15,000	-	-	n/a	15,000	-	-
Mohan Jesudason	16,199	6,557	-	-	n/a	22,756	-	-
George Mackey	11,629	5,161	-	-	n/a	16,790	-	-
Julia Nenke	-	6,446	-	-	n/a	6,446	-	-
Kerry Willcock	-	5,925	-	-	n/a	5,925	-	-
Former								
David Banks ^(b)	25,827	9,731	-	-	35,558	n/a	-	-
David Elmslie ^(c)	20,949	7,893	-	-	28,842	n/a	-	-
Paul Gulbenkian	8,510	4,857	-	-	13,367	n/a	-	-
Michael Piggott	20,515	9,107	-	-	29,622	n/a	-	-
Anne Tasker	-	4,874	-	4,874	-	n/a	-	-
Total	143,240	110,132	-	4,874	107,389	141,109	-	-

* Includes forfeitures.

(a) Opening balance included Options issued under a service agreement, of which one million were exercised during the year.

(b) Exercised 141,823 Performance Options and 21,932 Share Rights subsequent to cessation date (vested at termination).

(c) Exercised 94,151 Performance Options and 13,921 Share Rights subsequent to cessation date (vested at termination).

28. Interest in joint venture operation

The Group conducts an unincorporated joint venture operation with VicRacing Pty Ltd. The principal activity of the joint venture is the organisation, conduct, promotion and development of wagering and gaming within the state of Victoria. The Group receives 75% of the product and expenses of the joint venture.

	Consolidated	
	2007	2006
	\$m	\$m
Assets employed in joint venture operations:		
Current assets:		
Cash assets	78.5	58.7
Receivables	6.9	14.3
Other	1.4	1.5
Total assets employed	86.8	74.5

29. Related party disclosure

(a) Parent entity

The ultimate parent entity within the Group is Tabcorp Holdings Limited.

(b) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(d). The financial years of all controlled entities are the same as that of the Company.

Name of controlled entity		Country of incorporation	Equity type	% of equity held by immediate parent	
				As at 30 June 2007	2006
	Note			%	%
Parent entity					
Tabcorp Holdings Limited	(a)	Australia			
Controlled entities					
Tabcorp Assets Pty Ltd	(a)	Australia	ordinary shares	100.0	100.0
Tabcorp Manager Pty Ltd	(a)	Australia	ordinary shares	100.0	100.0
Tabcorp Participant Pty Ltd	(a)	Australia	ordinary shares	100.0	100.0
Tahwind (Queensland) Pty Ltd	(a)	Australia	ordinary shares	100.0	100.0
Tabcorp Online Pty Ltd	(a)	Australia	ordinary shares	100.0	100.0
Tabcorp Investments No.5 Pty Ltd		Australia	ordinary shares	100.0	100.0
Tabcorp International Pty Ltd	(a)	Australia	ordinary shares	100.0	100.0
Tabcorp International No.1 Pty Ltd		Australia	ordinary shares	100.0	100.0
Tabcorp International Hong Kong Ltd		BVI	ordinary shares	67.0	67.0
Tabcorp LotSynergy Technology (Beijing) Co. Ltd		China	ordinary shares	67.0	-
Tabcorp International No.2 Pty Ltd		Australia	ordinary shares	100.0	100.0
Tabcorp Apollo Technologies Private Ltd		Cyprus	ordinary shares	50.0	50.0
Tabcorp International No.3 Pty Ltd		Australia	ordinary shares	100.0	-
Tabcorp International Services and Technology Pty Ltd		Australia	ordinary shares	100.0	100.0
Tahwind Superannuation Pty Ltd		Australia	ordinary shares	100.0	100.0
Tahwind Staff Superannuation Pty Ltd		Australia	ordinary shares	100.0	100.0
Tabcorp Employee Share Administration Pty Ltd		Australia	ordinary shares	33.3	33.3
Tabcorp Investments Pty Ltd	(b)	Australia	ordinary shares	100.0	100.0
Star City Holdings Ltd	(b)(d)	Australia	ordinary shares	100.0	100.0
Star City Pty Ltd	(b)(d)	Australia	ordinary shares	100.0	100.0
Star City Entertainment Pty Ltd	(b)	Australia	ordinary shares	100.0	100.0
Sydney Harbour Casino Properties Pty Ltd	(b)(d)	Australia	ordinary shares	100.0	100.0
Sydney Harbour Apartments Pty Ltd	(b)	Australia	ordinary shares	100.0	100.0
Star City Investments Pty Ltd	(b)(e)	Australia	ordinary shares	100.0	100.0
Showboat Australia Pty Ltd	(b)	Australia	ordinary shares	100.0	100.0
Sydney Casino Management Pty Ltd		Australia	ordinary shares	100.0	100.0
Tabcorp Investments No.2 Pty Ltd		Australia	ordinary shares	100.0	100.0
Jupiters Limited		Australia	ordinary shares	100.0	100.0
Breakwater Island Ltd		Australia	ordinary shares	100.0	100.0
Breakwater Island Trust		Australia	units	100.0	100.0
Jupiters Custodian Pty Ltd		Australia	ordinary shares	100.0	100.0
Jupiters Trust		Australia	units	100.0	100.0
Jupiters Gaming Pty Ltd		Australia	ordinary shares	100.0	100.0
A.C.N. 082 760 610 Pty Ltd		Australia	ordinary shares	100.0	100.0
Jupwind Superannuation Pty Ltd		Australia	ordinary shares	100.0	100.0
TAHAL Ltd	(c)	Australia	ordinary shares	100.0	100.0
TAHA Research and Development Pty Ltd	(c)	Australia	ordinary shares	100.0	100.0
ATL Pty Ltd	(c)	Australia	ordinary and preference shares	100.0	100.0
Jupiters Gaming (NSW) Pty Ltd		Australia	ordinary shares	100.0	100.0
Club Gaming Systems (Holdings) Pty Ltd		Australia	ordinary shares	100.0	100.0
The CGS Trust		Australia	units	100.0	100.0

(Continued over page)

29. Related party disclosure (continued)**(b) Investments in controlled entities (continued)**

Investments in controlled entities (continued)

Name of controlled entity		Country of incorporation	Type of equity	% of equity held by immediate parent	
				As at 30 June	
	Note			2007	2006
				%	%
Tabcorp Investments No.4 Pty Ltd	(a)	Australia	ordinary shares	100.0	100.0
Tab Limited		Australia	ordinary shares	100.0	100.0
Sky Channel Pty Ltd		Australia	ordinary shares	100.0	100.0
2KY Broadcasters Pty Ltd		Australia	ordinary shares	100.0	100.0
Airsales Pty Ltd		Australia	ordinary shares	100.0	50.0
Tahwind Employee Share Plan Pty Ltd		Australia	ordinary shares	100.0	0.0
Tahwind Superannuation Company Pty Ltd		Australia	ordinary shares	100.0	100.0
Tahwind Marketing Pty Ltd		Australia	ordinary shares	100.0	100.0
Sky Channel Marketing Pty Ltd		Australia	ordinary shares	100.0	100.0
Sky Australia International Racing Pty Ltd		Australia	ordinary shares	100.0	100.0
Tahwind Racing Productions Pty Ltd		Australia	ordinary shares	100.0	100.0
Tahwind Racing Productions (NSW) Pty Ltd		Australia	ordinary shares	100.0	100.0

- (a) These companies have entered into a deed of cross guarantee (or have been subsequently added to this deed by an assumption deed) with Tabcorp Holdings Limited.
- (b) These companies have entered into a deed of cross guarantee (or have been subsequently added to this deed by an assumption deed) with Tabcorp Investments Pty Ltd. These companies have also entered into a guarantee and indemnity agreement as explained in note 30(c).
- (c) These companies have entered into a deed of cross guarantee (or have been subsequently added to this deed by an assumption deed) with TAHAL Limited.
- (d) These companies have provided a charge over their assets and undertakings as explained in note 30(b)(i).
- (e) Star City Investments Pty Ltd is 50% owned by Sydney Harbour Casino Properties Pty Ltd and 50% owned by Star City Entertainment Pty Ltd.
- (f) Tabcorp Superannuation Fund, Tab Limited Staff Superannuation Fund and Jupiters Limited Superannuation Fund are not considered to be controlled entities in accordance with section 50AA(4) of the Corporations Act (2001).

Deeds of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly owned subsidiaries within a deed of cross guarantee are relieved from the Corporations Act 2001 ('the Act') requirements for preparation, audit and lodgement of financial reports and directors' report, subject to meeting the compliance requirements for relief.

It is a condition of the class order that a deed of cross guarantee be entered into by the head company and each of the subsidiaries within the relevant class order group. For each class order group, the effect of the deed is that each company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Act. If a winding up occurs under other provisions of the Act, the company within the relevant class order group will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event the head company of the relevant class order group is wound up.

Deregistered companies

The following companies were deregistered on 15 May 2007 as part of an internal corporate streamlining project:

Jupwind International Pty Ltd	TAHA Research Marketing Pty Ltd
Sunshinelink Pty Ltd	Radcoy (No.1) Ltd
TAHAL Enterprises Pty Ltd	TAHA Superannuation Pty Ltd
TAHA Gaming Machines Pty Ltd	TAHA Superannuation (No.2) Pty Ltd
TAHA Gaming Services Pty Ltd	TAHA Superannuation (No.3) Pty Ltd
TAHA Infosec Pty Ltd	TAHA Wagering Systems Pty Ltd
A.C.N. 082 231 383 Pty Ltd	Palatron Pty Ltd
Jupwind Internet Gaming Pty Ltd	Syndicate (Co.1) Pty Ltd
Jupwind.com Pty Ltd	Hotel Gaming Systems Pty Ltd
TAHA Technology & Environmental Services Pty Ltd	Penchant Pty Ltd
TAHA Investor (No.2) Pty Ltd	TAHA Microelectronics Pty Ltd
TAHA Investor (No.4) Pty Ltd	TAHA New Media Pty Ltd
TAHA Investor (No.5) Pty Ltd	Data Monitoring Services (NSW) Pty Ltd
TAHA Investor (No.6) Pty Ltd	Tahwind E-NSW Pty Ltd
Macquarie Syndication (No.1) Pty Ltd	Thithpolanga Pty Ltd

29. Related party disclosure (continued)**(b) Investments in controlled entities (continued)**

The consolidated statement of financial performance and statement of financial position of all entities included in the Tabcorp Holdings Limited class order closed group (see (a) above) are set out below.

Financial information for class order closed group - entities denoted as (a) above

Tabcorp Holdings Limited Closed Group

	2007 \$m	2006 \$m
Income statement		
Profit before income tax expense	446.7	455.8
Income tax expense	(25.2)	(35.1)
Net profit attributable to members of the parent entity	421.5	420.7
Retained profits at the beginning of the financial year	357.9	380.1
Application of AASB 139	-	0.7
Net actuarial gain/(loss) on defined benefit plan	(0.5)	2.6
Dividends provided for or paid	(483.0)	(446.2)
Retained profits at the end of the financial year	295.9	357.9
Balance sheet		
Cash and cash equivalents	118.7	106.4
Receivables	2,647.4	2,698.4
Inventories	4.8	5.6
Derivative financial instruments	-	1.8
Other	8.4	7.2
Total current assets	2,779.3	2,819.4
Investment in controlled entities	2,526.1	2,526.1
Property, plant and equipment	129.1	121.5
Licences	597.2	597.2
Other intangible assets	117.6	105.5
Deferred tax assets	9.3	23.2
Derivative financial instruments	66.8	29.7
Other	0.4	1.5
Total non current assets	3,446.5	3,404.7
Total assets	6,225.8	6,224.1
Payables	153.9	122.9
Interest bearing liabilities	390.0	390.0
Current tax liabilities	12.9	34.3
Provisions	40.4	36.1
Total current liabilities	597.2	583.3
Interest bearing liabilities	1,950.6	2,029.6
Provisions	1.6	1.9
Derivative financial instruments	167.3	73.4
Total non current liabilities	2,119.5	2,104.9
Total liabilities	2,716.7	2,688.2
NET ASSETS	3,509.1	3,535.9
Issued capital	3,198.0	3,197.2
Retained earnings	295.9	357.9
Reserves	15.2	(19.2)
TOTAL EQUITY	3,509.1	3,535.9

29. Related party disclosure (continued)

(c) Transactions with controlled entities

Tabcorp Holdings Limited

Details of dividends received from controlled entities are set out in note 2.

The amount receivable by the Company is set out in note 8.

The Company entered into the following transactions during the current and prior year with controlled entities:

- loans were advanced and repayments received; and
- management and service fees were received from controlled entities.

All the transactions were undertaken on normal commercial terms and conditions.

(d) Transactions with joint venture operation

Consolidated

Entities in the consolidated group are parties to the joint venture operation as described in note 28.

The Group charges the joint venture operation for the provision of employee, management and asset services. On consolidation, 75% of the charges eliminate (being the Group's interest in the joint venture operation). Charges for the remaining 25% of \$47.6 million were received by the Group in 2007 (2006: \$39.7 million).

Tabcorp Holdings Limited

The Company is a party to the joint venture operation outlined in note 28.

The Company charges the joint venture operation for the provision of employee, management and asset services. Charges of \$22.2 million were received in 2007 (2006: \$14.0 million).

30. Contingent liabilities and contingent assets

Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote are set out below as well as details of contingent liabilities and contingent assets, which although considered remote, the directors consider should be disclosed.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities

(a) Company

As explained in note 29, the Company has entered into a deed of cross guarantee pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998.

(b) Charges

(i) CCA

The controlled entities denoted (d) in note 29 have provided the NSW Casino Control Authority (CCA) with a fixed and floating charge over all of the assets and undertakings of each company to secure payment of all monies and the performance of all obligations which they have to the CCA. The charge has a value of \$1.5 billion.

(ii) Other

A controlled entity, Tabcorp Participant Pty Ltd, which is a participant in the joint venture described in note 28, has entered into a deed of cross charge with its joint venture partner to cover the non payment of a called sum in the event of the joint venture incurring a loss. The charge is over undistributed and future earnings of the joint venture to the level of the unpaid call.

(c) Guarantee and indemnity

(i) CCA

The controlled entities denoted (b) in note 29 have entered into a guarantee and indemnity agreement in favour of the CCA whereby all parties to the agreement are jointly and severally liable for the performance of the obligations and liabilities of each company participating in the agreement with respect to agreements entered into and guarantees given.

(d) Deed of cross guarantee

The controlled entities denoted (a), (b) and (c) in note 29 have entered into a deed of cross guarantee pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998.

30. Contingent liabilities and contingent assets (continued)

Contingent liabilities (continued)

(e) Legal challenges

- (i) There are outstanding legal actions between controlled entities and third parties as at 30 June 2007. The Group has notified its insurance carrier of all litigation, and believes that any damages (other than exemplary damages) that may be awarded against the Group, in addition to its costs incurred in connection with the action, will be covered by its insurance policies where such policies are in place. However, given the nature of insurance, no assurance can be given that any such claims are not likely to have a material adverse effect on the Group.

In the case of possible actions which, due to the demise of an underwriter do not have insurance cover, the Group considers that, on the balance of probability, no material losses will arise. This position will be monitored and in the event that a loss becomes probable, an appropriate provision will be made.

- (ii) Tabcorp Holdings Limited, Tabcorp Manager Pty Ltd, Sky Channel Pty Ltd and Sky Channel Marketing Pty Ltd are defendants to a Victorian Federal Court proceeding issued in June 2005 by ThoroughVision Pty Ltd, alleging various breaches of the Trade Practices Act arising out of various thoroughbred vision broadcasting rights and related issues. At 30 June 2007 the legal proceedings were stayed pending satisfaction of the conditions precedent to the commercial settlement reached with ThoroughVision Pty Ltd in February 2007. The main relief sought is not monetary and the amount of damages sought is not specified. As at 26 July 2007, the condition precedent was satisfied, as a result of which the proceeding is likely to be dismissed.

(f) Banking facilities

Entities in the Group are called upon to give in the ordinary course of business, guarantees and indemnities in respect of the performance of their contractual and financial obligations. The value of these guarantees and indemnities is \$21.0 million (2006: \$20.5 million).

(g) Undertakings - insurance deductible

Under the Casino Taxes Agreement, Star City Pty Ltd ("Star City") is required to take out insurance in the name of the Casino Control Authority (CCA) in respect of anticipated Weekly Duty and Community Benefit Levy arising out of partial or total loss or destruction of the Star City casino premises. The Agreement allows for a \$1 million deductible for each and every loss. Star City has a 5 day loss deductible (2006: 5 day loss deductible). The Company has provided the CCA with a Deed of Undertaking to fund the shortfall of the difference between the current 5 day deductible and the \$1 million required under the Casino Taxes Agreement. The directors believe this undertaking would not exceed \$1-2 million (2006: \$1-2 million) for any one loss and believe such an event is remote.

(h) Switching station lease

A Tabcorp controlled entity, Sydney Harbour Casino Properties Pty Ltd (SHCP), has entered into a lease with the CCA for a vacant parcel of land adjacent to the Star City casino. The lease is for the term of the NSW Casino Licence and SHCP prepaid \$11.5 million in 1996 in respect of the period of the casino licence term. Under the lease, SHCP is obliged to develop the site and was required to complete construction in 2000. SHCP has requested an extension of time for the development of this site from the CCA. This extension would require the approval of the NSW Minister for Gaming and Racing. Negotiations in relation to this matter are continuing. The book value of the investment in this site as at 30 June 2007 was \$11.1 million (2006: \$11.2 million).

Contingent assets

(i) Tax audit

The Australian Taxation Office (ATO) issued Star City with an income tax assessment for the tax year ended 30 June 1997, and amended income tax assessments for the tax years ended 30 June 2000, 30 June 2001 and 30 June 2002. The assessment and amended assessments relate to the deductibility of rent of \$120.0 million prepaid in December 1994 in relation to the Star City casino site.

The Group has provided in full for the unpaid primary tax in dispute in relation to deductions claimed to 30 June 2002 of \$31.6 million, and penalties and interest charges of \$27.2 million (up to 30 June 2007). The Group has provided for General Interest Charges from 27 January 2004 in the 30 June 2007 financial statements. Due to the ongoing dispute with the ATO, the Group has not claimed deductions for prepaid rent for the 2003 to 2007 (inclusive) tax years. The primary tax on these deductions is \$8.8 million. If the Group is ultimately successful in its claims, the income tax deductions could be claimed.

31. Subsequent events

Dividends

Since 30 June 2007, the directors have declared a dividend of 47 cents per ordinary share. The total amount of the dividend is \$246.7 million. This has not been provided for in the 30 June 2007 financial statements (refer to note 5).

32. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise cash, short-term deposits, bank bills, Australian denominated bank loans and notes, and foreign currency denominated notes.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Derivative transactions are also entered into by the Group, principally interest rate swaps and cross currency swaps, the purpose being to manage interest rate and currency risks arising from the Group's sources of finance. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk.

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 1.

Cash flow interest rate risk

The Group has a policy of controlling exposure to interest rate fluctuations by the use of fixed and variable rate debt and by the use of interest rate swaps or caps. It has entered into interest rate swap agreements to hedge underlying debt obligations and allow floating rate borrowings to be swapped to fixed rate borrowings. Under these arrangements, the Group will pay fixed interest rates and receive the bank bill swap rate calculated on the notional principal amount of the contracts.

At 30 June 2007, after taking into account the effect of interest rate swaps, approximately 75% (2006: 86%) of the Group's borrowings are at a fixed rate of interest.

Fair value interest rate risk

As the Group holds fixed rate debt there is a risk that the economic value of financial instruments will fluctuate because of changes in market interest rates. The level of fixed rate debt is disclosed in note 33 and it is acknowledged that this risk is a by-product of the Group's attempt to manage its cash flow interest rate risk.

Foreign currency risk

As a result of issuing private notes denominated in US Dollars, the Group's balance sheet can be affected by movements in the US\$/A\$ exchange rate. In order to hedge this exposure, the Group has entered into cross currency swaps to fix the exchange rate on the notes until maturity. The Group agrees to exchange a fixed US\$ amount in exchange for an agreed A\$ amount with swap counterparties, and re-exchange this again at maturity. These swaps are designated to hedge the principal and interest obligations under the private notes.

Commodity price risk

The Group is not exposed to commodity price risk.

Credit risk

Credit risk on financial assets which have been recognised on the balance sheet, is the carrying amount net of any allowance for doubtful debts. The Group minimises credit risk via adherence to a strict cash management policy.

The Group is not materially exposed to one individual debtor.

Credit risk in trade receivables is managed in the following ways:

- the provision of cheque cashing facilities for casino gaming patrons is subject to detailed policies and procedures designed to minimise any potential loss, including the taking up of bank opinions and the use of a central credit agency which collates information from major casinos around the world, and
- the provision of non gaming credit is covered by a risk assessment process for customers using the Credit Reference Association of Australia, bank opinions and trade references.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents (including short term deposits and bank bills), the maximum of the Group's exposure to credit risk from default of a counterparty is equal to the carrying amount of these instruments.

The maximum credit exposure does not take into account the value of any collateral or other security held in the event other entities/parties fail to perform their obligations under the financial instruments in question.

In relation to financial liabilities, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in respect of interest rate swap contracts and cross currency swap contracts is detailed in note 33.

All investment and financial instrument activity is with approved counterparties with investment grade credit ratings. Compliance with counterparty exposure limits is reviewed on a continuous basis. The aggregate value of transactions are spread amongst the approved counterparties.

32. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and notes.

The Group's policy is that not more than 33% of debt facilities should mature in any 12 month period within the next 3 years, and not more than 25% in the 4th year. At 30 June 2007, 14% (2006: 13%) of the Group's debt facilities will mature in less than one year.

33. Additional financial instruments disclosure

(a) Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments recognised in the financial statements.

	Carrying amount		Fair value	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Consolidated				
Financial assets				
Cash	108.4	112.8	108.4	112.8
Short term deposits	93.8	93.8	93.8	93.8
Receivables	31.6	34.7	31.6	34.7
Interest rate swaps ⁽ⁱ⁾	66.8	31.1	66.8	31.1
Interest rate options ⁽ⁱ⁾	-	0.3	-	0.3
	300.6	272.7	300.6	272.7
Financial liabilities				
Trade creditors and accrued expenses	379.8	345.4	379.8	345.4
Bank loans - unsecured	1,069.0	1,047.0	1,069.0	1,047.0
Medium term notes ⁽ⁱⁱ⁾				
- fixed interest rate	385.0	385.0	374.1	385.8
- floating interest rate	65.0	65.0	65.9	66.5
Private placement				
- US dollar ⁽ⁱⁱⁱ⁾	728.9	832.3	728.9	832.3
- Australian dollar	100.0	100.0	100.0	100.0
Cross currency swaps ⁽ⁱ⁾	167.3	73.4	167.3	73.4
	2,895.0	2,848.1	2,885.0	2,850.4

- (i) Fair value represents the estimated cost of cancelling the instruments at balance date. Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at the balance sheet date.
- (ii) Fair value determined using independent market quotations.
- (iii) Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date, in combination with restatement to current foreign exchange rates.

	Carrying amount		Fair value	
	2007	2006	2007	2006
	\$m	\$m	\$m	\$m
Tabcorp Holdings Limited				
Financial assets				
Cash assets	4.7	1.3	4.7	1.3
Short term deposits	35.2	45.3	35.2	45.3
Receivables	2,446.8	2,632.6	2,446.8	2,632.6
	2,486.7	2,679.2	2,486.7	2,679.2
Financial liabilities				
Trade creditors and accrued expenses	19.0	16.1	19.0	16.1

33. Additional financial instruments disclosure (continued)

(b) Interest rate risk

The Group's exposure to interest rate risk and the effective interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Weighted average effective interest rate %	Floating interest rate \$m	Fixed interest maturing in:						Non interest bearing \$m	Balance Sheet \$m
				< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years		
				\$m	\$m	\$m	\$m	\$m	\$m		
2007 - Consolidated											
Financial assets											
Cash assets	7	5.0	18.2	-	-	-	-	-	-	90.2	108.4
Short term deposits	7	6.3	93.8	-	-	-	-	-	-	-	93.8
Receivables	8	-	-	-	-	-	-	-	-	31.6	31.6
Interest rate swaps ^{(i)(iv)}	33(c)	-	(1,450.0)	-	350.0	300.0	-	-	800.0	-	-
Total financial assets			(1,338.0)	-	350.0	300.0	-	-	800.0	121.8	233.8
Financial liabilities											
Trade creditors and accrued expenses	16	-	-	-	-	-	-	-	-	379.8	379.8
Bank loans - unsecured ⁽ⁱ⁾⁽ⁱⁱ⁾	17	6.9	1,067.1	-	-	-	-	-	-	-	1,067.1
Medium term notes ⁽ⁱ⁾											
- fixed interest rate ^(iv)	17	6.6	-	-	-	-	-	382.8	-	-	382.8
- floating interest rate ⁽ⁱⁱ⁾	17	7.2	64.8	-	-	-	-	-	-	-	64.8
Private placement ⁽ⁱ⁾											
- US dollar ^(iv)	17	5.4	-	-	-	-	-	-	726.2	-	726.2
- Australian dollar ⁽ⁱⁱⁱ⁾	17	7.3	99.7	-	-	-	-	-	-	-	99.7
Gross currency swaps ⁽ⁱ⁾	33(e)	-	838.6	-	-	-	-	-	(838.6)	-	-
Total financial liabilities			2,070.2	-	-	-	-	382.8	(112.4)	379.8	2,720.4
2007 - Tabcorp Holdings Limited											
Financial assets											
Cash assets	7	6.0	4.7	-	-	-	-	-	-	-	4.7
Short term deposits	7	6.2	35.2	-	-	-	-	-	-	-	35.2
Receivables	8	-	-	-	-	-	-	-	-	2,446.8	2,446.8
Total financial assets			39.9	-	-	-	-	-	-	2,446.8	2,486.7
Financial liabilities											
Trade creditors and accrued expenses	16	-	-	-	-	-	-	-	-	19.0	19.0
Total financial liabilities			-	-	-	-	-	-	-	19.0	19.0

Notes to the financial statements
For the year ended 30 June 2007



33. Additional financial instruments disclosure (continued)

(b) Interest rate risk (continued)

	Note	Weighted average effective interest rate %	Floating interest rate \$m	Fixed interest maturing in:							Non interest bearing \$m	Balance Sheet \$m
				< 1 year \$m	1 - 2 years \$m	2 - 3 years \$m	3 - 4 years \$m	4 - 5 years \$m	> 5 years \$m			
2006 - Consolidated												
Financial assets												
Cash assets	7	3.6	33.0	-	-	-	-	-	-	-	79.8	112.8
Short term deposits	7	5.7	93.8	-	-	-	-	-	-	-	-	93.8
Receivables	8	-	-	-	-	-	-	-	-	-	34.7	34.7
Interest rate swaps ^(iv)	33(c)	-	(1,700.0)	250.0	-	350.0	300.0	-	-	800.0	-	-
Interest rate options ^(iv)	33(d)	-	(300.0)	300.0	-	-	-	-	-	-	-	-
Total financial assets			(1,873.2)	550.0	-	350.0	300.0	-	-	800.0	114.5	241.3
Financial liabilities												
Trade creditors and accrued expenses	16	-	-	-	-	-	-	-	-	-	345.4	345.4
Bank loans - unsecured ^(iv)	17	6.3	1,043.7	-	-	-	-	-	-	-	-	1,043.7
Medium term notes ⁽ⁱ⁾												
- fixed interest rate ^(iv)	17	6.7	-	-	-	-	-	-	-	382.3	-	382.3
- floating interest rate ^(iv)	17	6.5	64.8	-	-	-	-	-	-	-	-	64.8
Private placement ⁽ⁱ⁾												
- US dollar ^(iv)	17	5.5	-	-	-	-	-	-	-	829.2	-	829.2
- Australian dollar ^(iv)	17	6.9	99.6	-	-	-	-	-	-	-	-	99.6
Gross currency swaps ^(v)	33(e)	-	838.6	-	-	-	-	-	-	(838.6)	-	-
Total financial liabilities			2,046.7	-	-	-	-	-	-	372.9	345.4	2,765.0
2006 - Tabcorp Holdings Limited												
Financial assets												
Cash assets	7	5.3	1.3	-	-	-	-	-	-	-	-	1.3
Short term deposits	7	5.7	45.3	-	-	-	-	-	-	-	-	45.3
Receivables	8	-	-	-	-	-	-	-	-	-	2,632.6	2,632.6
Total financial assets			46.6	-	-	-	-	-	-	-	2,632.6	2,679.2
Financial liabilities												
Trade creditors and accrued expenses	16	-	-	-	-	-	-	-	-	-	16.1	16.1
Total financial liabilities			-	-	-	-	-	-	-	-	16.1	16.1

- (i) The effective interest rate on gross debt at 30 June 2007 was 6.5% (2006: 6.5%) after taking into account the impact of interest rate swaps and cross currency swaps.
(ii) Notional principal amounts.
(iii) Interest on financial instruments classified as floating rate is repriced at intervals of less than one year.
(iv) Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

33. Additional financial instruments disclosure (continued)

(c) Financial instruments - interest rate swaps

From 1 July 2005, interest rate swaps meet the requirements to qualify for cash flow hedge accounting and are stated at fair value. The fair value of the swaps at 1 July 2005 was adjusted against the opening balance of the hedging reserve.

These swaps are being used to hedge the exposure to variability in cash flows attributable to movements in the reference interest rate of the designated debt or instrument and are assessed as highly effective in offsetting changes in the cash flows attributable to such movements. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness and is recorded in the income statement.

The notional principal amounts and periods of expiry of these interest rate swap contracts are as follows:

	Notional amount		Fair value	
	2007 \$m	2006 \$m	2007 \$m	2006 \$m
Less than one year	-	250.0	-	1.4
One to two years	350.0	-	8.6	-
Two to three years	300.0	350.0	10.1	6.9
Three to four years	-	300.0	-	6.4
Four to five years	-	-	-	-
More than five years	800.0	800.0	48.1	16.4
Notional principal	1,450.0	1,700.0	66.8	31.1
Fixed interest rate range p.a.	5.4% - 6.0%		5.2% - 6.0%	

Net settlement receipts and payments are recognised as an adjustment to interest expense on an accruals basis over the term of the swaps, such that the overall interest expense on borrowings reflects the average cost of funds achieved by entering into the swap agreements.

(d) Financial instruments - interest rate options

In 2006, the Group acquired options to enter into interest rate swap agreements with terms of seven years. The purpose was to provide certainty that the interest rates applicable to a portion of the future debt will be able to be fixed within a known range of interest rates. The interest rate options expired in September 2006.

These interest rate options were not designated and the fair value was recognised in the income statement.

The notional principal amount of swaps to which the options relate and periods of expiry of the options are as follows:

	Notional amount		Fair value	
	2007 \$m	2006 \$m	2007 \$m	2006 \$m
Less than one year	-	300.0	-	0.3
Ceiling interest rate range p.a.	6.4%			
Floor interest rate range p.a.	5.9% - 6.0%			

(e) Financial instruments - cross currency swaps

From 1 July 2005, cross currency swap contracts are classified as either cash flow hedges or fair value hedges and are stated at fair value. At 1 July 2005, the fair value of the cross currency swaps classified as cash flow hedges was recognised in the opening balance of the hedging reserve and the fair value of the swaps classified as fair value hedges recognised in opening retained earnings.

These cross currency swaps are being used to hedge the exposure to the variability in the fair value of the USD debt under the US Private Placement and are assessed as highly effective in offsetting changes in movements in the forward USD exchange rate. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness and is recorded in the income statement.

The principal amounts and periods of expiry of the cross currency swap contracts are as follows:

	2007		2006	
	Pay principal AUD \$m	Receive principal USD \$m	Pay principal AUD \$m	Receive principal USD \$m
More than five years	838.6	625.0	838.6	625.0
Fixed interest rate range p.a.	-	5.3% - 5.6%	-	5.3% - 5.6%
Variable interest rate range p.a.	7.3% - 7.4%	-	6.9%	-

The terms and conditions in relation to interest rate and maturity of the cross currency swaps are similar to the terms and conditions of the underlying hedged Private Placement - US dollar borrowings as set out in note 17.

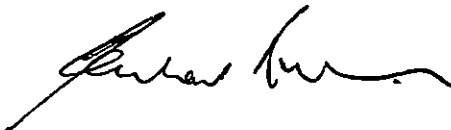
In the opinion of the directors of Tabcorp Holdings Limited ('the Company'):

- (a) the financial statements, notes and the additional disclosures included in the Directors' report designated as audited, of the Company and of the Group are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 29 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of directors.



Michael B. Robinson AO
Chairman

Melbourne
23 August 2007

Independent auditor's report to the members of Tabcorp Holdings Limited

We have audited the accompanying financial report of Tabcorp Holdings Limited and the entities it controlled during the year, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 *Related Party Disclosures* ("remuneration disclosures"), under the heading "Remuneration Report" in Sections C to G of the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

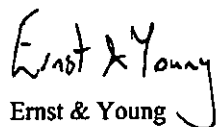
Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Tabcorp Holdings Limited is in accordance with:
 - (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Tabcorp Holdings Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
 - (b) other mandatory financial reporting requirements in Australia.
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.
3. the remuneration disclosures that are contained in Sections C to G of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures*.


Ernst & Young



Tim Wallace
Partner
Melbourne
23 August 2007

Glossary of terms

ADR	American Depositary Receipt - The Company's shares are traded in sponsored ADR form in the United States of America (One ADR represents ten ordinary shares)
AIFRS	Australian equivalents to International Financial Reporting Standards, adopted by the Tabcorp Group for the first full year ending 30 June 2006
ASX	Australian Securities Exchange - The Company's shares are traded on the ASX under the symbol TAH
Board	The Board of Directors of Tabcorp Holdings Limited
Chairman	The Chairman of the Board of Directors of Tabcorp Holdings Limited, Mr Michael Robinson
Company	Tabcorp Holdings Limited
Director	A person appointed to the Board of Directors of Tabcorp Holdings Limited
EBIT	Earnings before finance cost and income tax expense
EGM	Electronic Gaming Machine
Financial year	12 months ending 30 June
Jupiters	The company Jupiters Limited, which merged with the Tabcorp Group on 13 November 2003
MTI	Medium Term Incentive
LTI	Long Term Incentive
STI	Short Term Incentive
Tab	The company Tab Limited, which was acquired by the Tabcorp Group in 2004
Tabcorp Group	Tabcorp Holdings Limited and its controlled entities
TSR	Total shareholder return

23 August 2007

To: Australian Securities Exchange
Companies Announcements Platform
20 Bridge Street
Sydney NSW 2000

TABCORP FULL YEAR RESULTS PRESENTATION

Attached is the presentation regarding Tabcorp's Full Year Results ended 30 June 2007 to be presented later today by Elmer Funke Kupper, Chief Executive Officer.

This presentation will be webcast on Tabcorp's website at www.tabcorp.com.au from 12.00pm (Melbourne time) today.

Kerry Willcock
Executive General Manager – Corporate and Legal

Enc.

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CORPORATE AFFAIRS

**2006/07 Full Year
Results Presentation**

Thursday 23 August 2007

Overview

- Operating revenue up 3.2 percent to \$3.9 billion
- Poor bottom line result due to unacceptable expense growth
- Other drivers of bottom line result:
 - Smoking bans in Queensland
 - Below theoretical win rate in the International Rebate Business
 - Material restructuring costs taken as non-recurring items
- Tabcorp is a solid business we can run much better
- Clear priorities in place to maintain and grow our leadership position in key markets and deliver on expense agenda
- Stronger operational focus – closer to the customer and to industry stakeholders



Group results

➤ Normalised and pre non-recurring items¹

- Operating revenue up 3.2% to \$3,881.7m
- NPAT down 3.8% to \$515.6m
- EPS down 3.8% to 98.2 cents

➤ Reported

- Operating revenue up 1.5% to \$3,835.0m
- NPAT down 17.1% to \$450.4m
- EPS down 17.1% to 85.8 cents

➤ Dividend

- Full year up 5.6% to 94 cents per share

➤ ROE¹

- Down 0.6% to 15.3%

¹) Normalised results exclude the impact of above/below theoretical win rates in the IRB in the Casinos division.
Results exclude non-recurring items which are separately disclosed in Appendix 8



Group results¹

\$m	Actual 12 months to 30 Jun 07	Change on pcip	Normalised ² 12 months to 30 Jun 07	Change on pcip
Operating revenue	3,837.1	1.5%	3,881.7	3.2%
Net operating expenses	(1,008.8)	9.1%	(1,008.8)	9.1%
EBITDA	1,000.0	(7.4%)	1,040.0	(2.2%)
EBIT	855.4	(9.0%)	895.5	(3.0%)
NPAT	487.5	(10.9%)	515.6	(3.8%)

Non-recurring items (37.1)

Reported NPAT 450.4

1) Excludes non-recurring items which are separately disclosed in Appendix 8

2) Normalised results exclude the impact of above/below the theoretical win rates in the IRB in the Casinos division

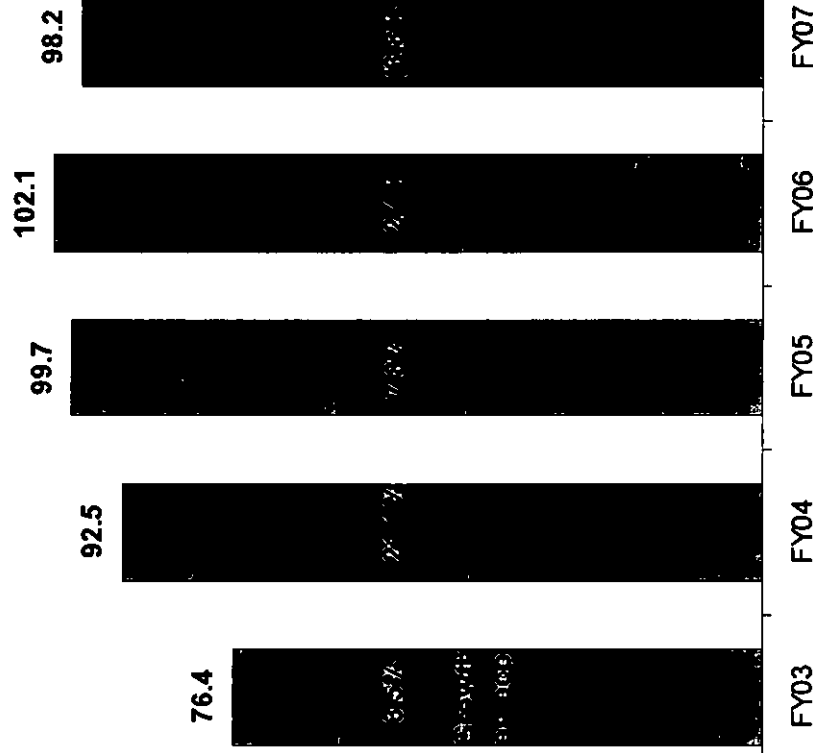


Tabcorp

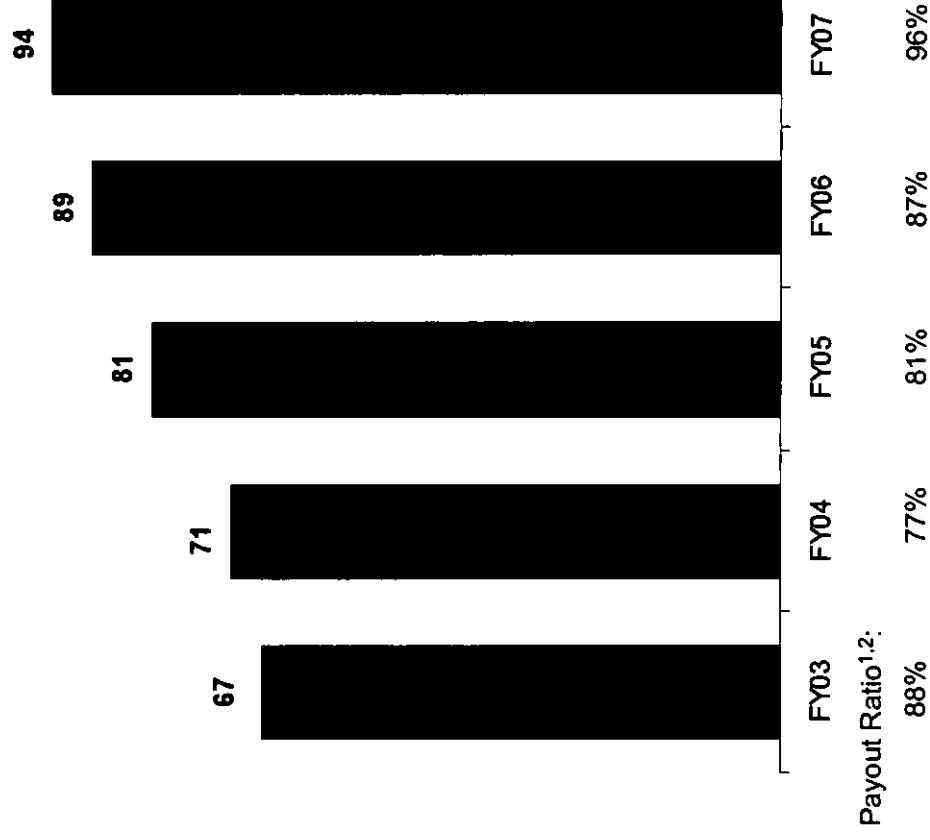
2006/07 Full Year Results

Dividends Per Share and Earnings Per Share

Normalised earnings per share^{1,2}



Dividends per share



1) EPS excludes non-recurring items, which are separately disclosed in Appendix 8

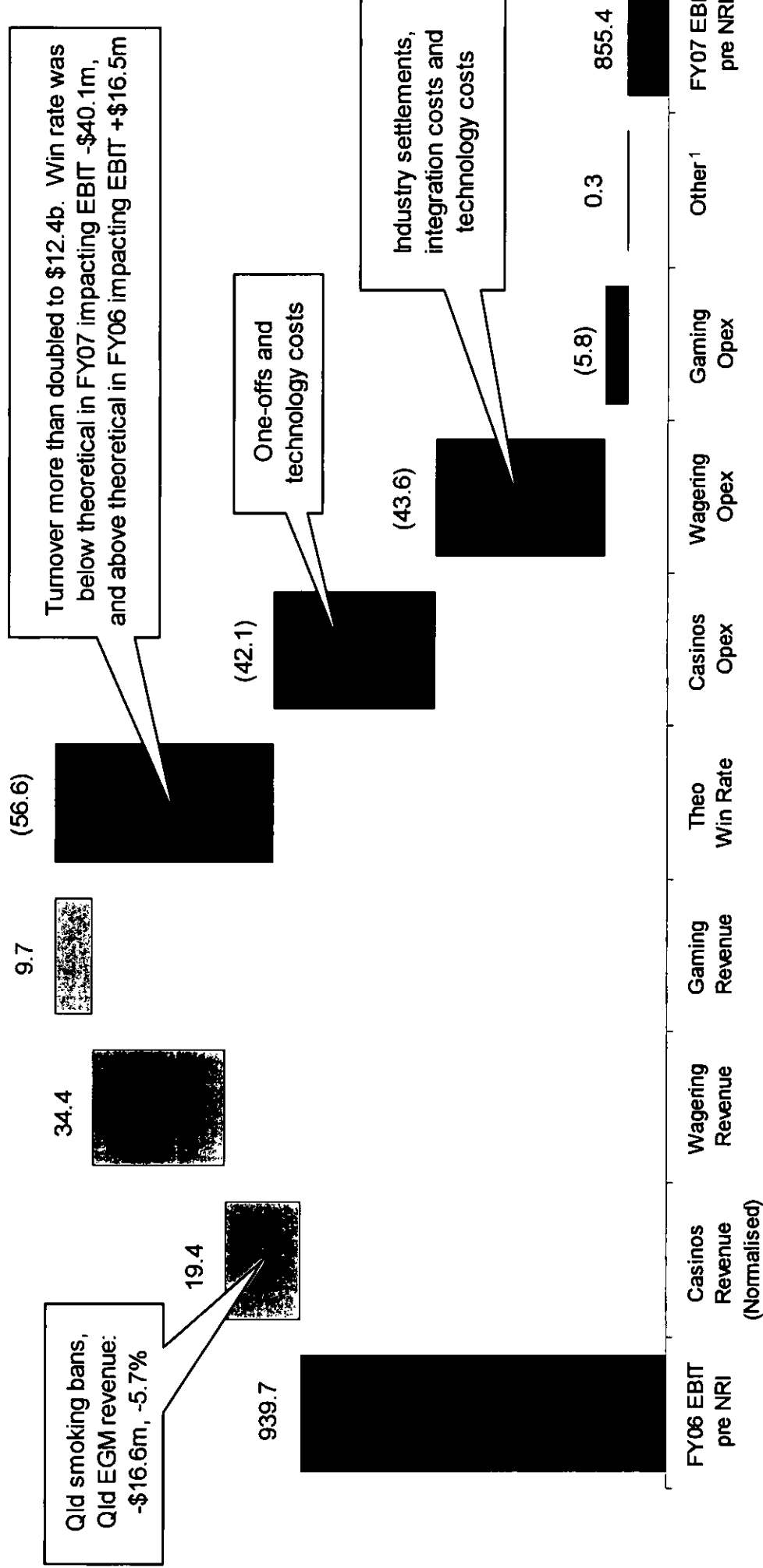
2) Normalised results exclude the impact of above/below theoretical win rates in the IRB in the Casinos division



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2006/07 Full Year Results

Four major issues in the result




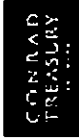

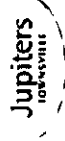








1) Other includes of \$4.7m favourable International Opex variance, offset by \$4.3 unfavourable Group Depreciation & Amortisation variance \$m, graph excludes non-recurring items which are disclosed separately in Appendix 8



Tabcorp

2006/07 Full Year Results

World class assets in Vic, NSW and Qld

	Casinos	Wagering	Gaming
Brands	   	   	   
Footprint	<p>Four properties:</p> <ul style="list-style-type: none"> 407 tables 4,583 EGMs 1,398 hotel rooms 44 restaurants and bars 3 theatres 	<p>Leading operator:</p> <ul style="list-style-type: none"> 2,652 retail outlets 700,000 regular customers Sky available in 1.8m homes and 5,300 outlets \$1b internet sales 	<p>Strong Vic gaming presence</p> <ul style="list-style-type: none"> 13,647 EGMs 265 venues 400,000 monthly players 120,000 loyalty members <p>Keno in 2,078 outlets</p>
Share of market ¹	41%	62%	51%
Employees	7,400	3,000	165
Executive	Walter Bugno	Robert Nason	Mohan Jesudason

¹⁾ Casinos, Wagering: TAH estimate, Gaming: Vic non-Casino total market as at 30 June 2007



Tabcorp

2006/07 Full Year Results

Divisional results 2006/07¹

\$m	Casinos ²	Change	Wagering	Change	Gaming	Change
Operating revenue	1,335.9	1.9%	1,466.2	4.4%	1,081.8	3.4%
Net operating expenses	(637.3)	7.1%	(290.0)	17.7%	(73.8)	8.5%
EBITDA	456.4	(4.7%)	303.3	(3.0%)	286.0	1.4%
Depreciation & amortisation	(70.1)	(3.0%)	(49.6)	12.4%	(23.8)	6.3%
EBIT	386.2	(5.1%)	253.7	(5.5%)	262.1	1.0%
EBIT/Revenue (%)	28.8	(2.1)	17.1	(1.8)	23.8	(0.5)
Capex (\$m)	83.6	(2.1%)	39.0	(49.3%)	41.1	21.6%

1) Excludes non-recurring items which are separately disclosed in Appendix 8

2) Normalised results exclude the impact of above/below theoretical win rates in the IRB in the Casinos division



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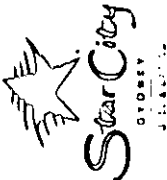



2006/07 Full Year Results

Casinos: KPIs

Operating Revenue (\$m)	FY07	FY06	%	
Main Gaming Floor	379.1	361.6	4.9%	➤ MGF up driven by heightened interest in table games; poker
Private Gaming Rooms	169.2	188.2	(10.1%)	➤ PGR down due to transfers to IRB, unfavourable win rates and domestic competition
IRB (Normalised, net)	73.3	38.5	90.4%	➤ IRB market share up to 29% (31% in 2H07); win rate well below theoretical
EGMs & other	485.1	501.0	(3.2%)	➤ EGMs down after Qld smoking bans; market share gains in Qld; Star City flat
Non-gaming	229.2	222.4	3.0%	
Total (Normalised)	1,335.9	1,311.6	1.9%	➤ Non-gaming up; reasonable performance given periods of closure for refurbishment



Casinos: Investment in destinations

Priorities				
Transform properties into destinations	<ul style="list-style-type: none"> ■ New Star Theatre ■ Big name shows, incl Priscilla, Miss Saigon ■ Expanded private gaming facilities ■ Switching station design competition 	<ul style="list-style-type: none"> ■ \$53m refurbishment on time and budget ■ New Premium EGM Gold Suite ■ Convention Centre expansion announced 	<ul style="list-style-type: none"> ■ New premium EGM rooms (Gold, Platinum Suites) 	<ul style="list-style-type: none"> ■ Strong local growth ■ Outdoor gaming approved
Increase patronage and loyalty	<ul style="list-style-type: none"> ■ Visitation -2.1% ■ Rated play¹ +6.8% 	<ul style="list-style-type: none"> ■ Visitation +6.7% ■ Rated play¹ +8.9% 	<ul style="list-style-type: none"> ■ Visitation +6.9% ■ Rated play¹ +2.6% 	<ul style="list-style-type: none"> ■ Visitation +1.7% ■ Rated play¹ +3.1%
Win in the market place	<ul style="list-style-type: none"> ■ Gaming rev² +4.8% ■ Non-gaming rev +3.4% ■ EGM share³ -0.2% 	<ul style="list-style-type: none"> ■ Gaming rev² -4.2% ■ Non-gaming rev +4.6% ■ EGM share +0.3% 	<ul style="list-style-type: none"> ■ Gaming rev² -2.3% ■ Non-gaming rev +4.1% ■ EGM share -0.1% 	<ul style="list-style-type: none"> ■ Gaming rev² +12.4% ■ Non-gaming rev - ■ EGM share +0.8%

1) Rated play increase includes EGM play only

2) Normalised for impact of above/below theoretical win rates in the IRB in the Casinos division

3) Represents 1H market share change as 2H not yet available



Tabcorp

2006/07 Full Year Results

Casinos: Priorities

Strategy

- Create leading leisure and entertainment destinations
 - Star City expansion and redevelopment
 - Jupiters Casino and Spa Resort
 - Brisbane Northbank development
 - Townsville redevelopment
- Increase customer visitation and loyalty
- Grow each segment/win in the market place

Immediate priorities

- Division
 - Win in the premium segment
 - Drive non-gaming revenues
 - Implement new hotel management and gaming systems
 - Improve loyalty
- Star City
 - Complete tax/exclusivity negotiations
 - Mitigate smoking ban impact
 - Upgrade existing hotel facilities
- Queensland
 - Drive recovery from smoking bans
 - Implement next round of property upgrades



Wagering: KPIs

Turnover product (\$m)	FY07	FY06	%	
Racing Vic	3,719	3,465	7.3%	➤ Full year benefit from split picture resolution
Racing NSW	4,609	4,549	1.3%	➤ Greater focus on industry stakeholders
Sportsbetting	665	598	11.2%	
Trackside	142	126	12.5%	➤ Vic growth from strong racing product, new wagering products and internet
Turnover distribution (\$m)				
Retail Vic	2,843	2,720	4.5%	
Retail NSW	3,664	3,643	0.6%	➤ NSW retail revitalisation program under way with over 300 upgrades in FY07:
Internet	1,012	821	23.3%	
Phone	1,034	1,068	(3.1%)	▪ 188 < \$50k investment
Oncourse	581	487	19.3%	▪ 108 \$50-200k investment
				▪ 16 > \$200k investment
Retail				
Self service turnover Vic	21.8%	14.6%	7.2%	➤ Sportsbetting 24% growth excluding Soccer World Cup

1) Victoria includes Joint Venture partner's 25% interest

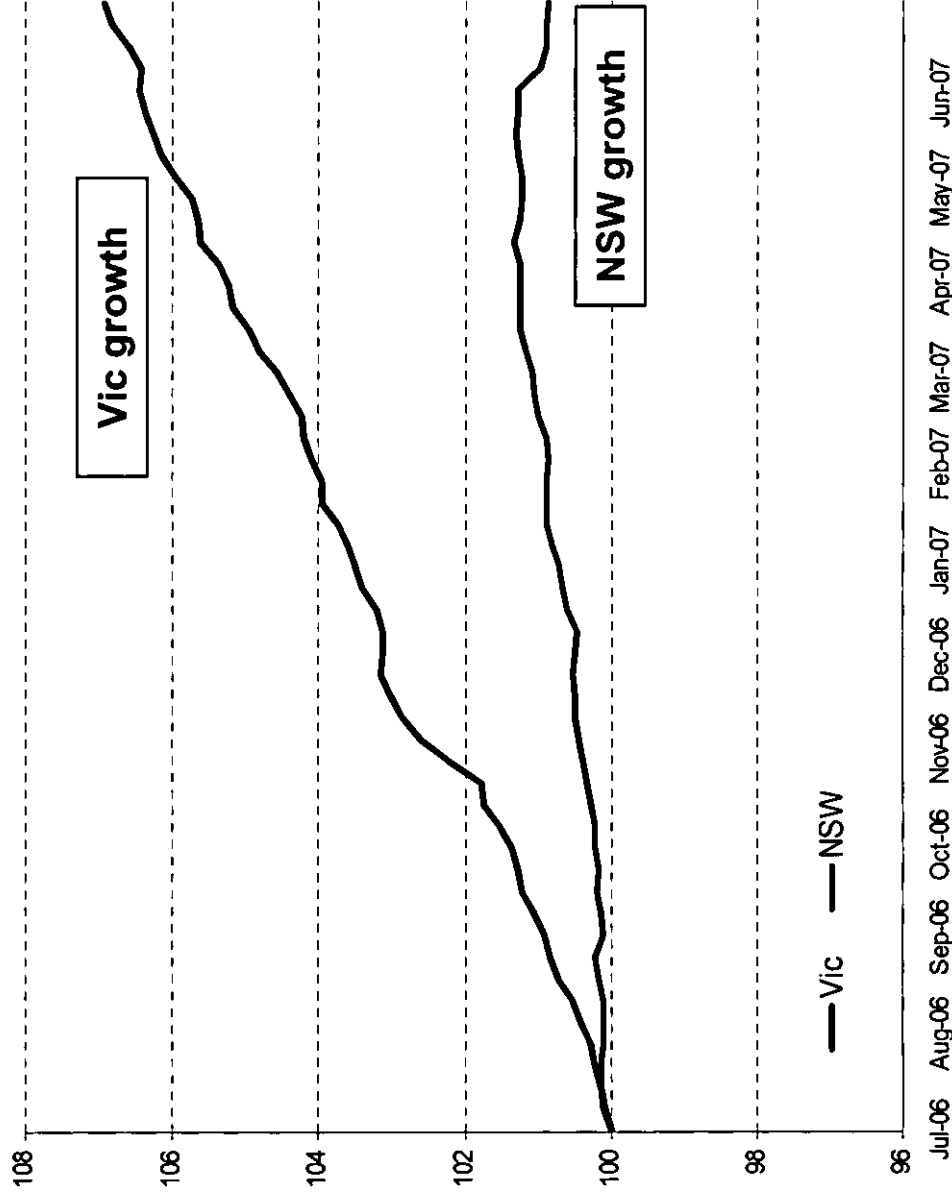


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2006/07 Full Year Results

Wagering: State based strategies

12 month wagering turnover



- Vic performing strongly
- Focus on product leadership, international growth and marketing
- Distribution expansion – at least 50 new sites from 2H 2008
- NSW remains weak
- \$50m investment in retail distribution, including self service terminals
- Working with industry to revitalise racing product



Tabcorp

2006/07 Full Year Results

Wagering: Priorities

Strategy

- Maintain leadership in national market
 - Maintain product leadership
 - Continue Victorian growth
 - Turn around NSW performance
- Attract new customers to the industry
 - 'Infrequent' customers
 - Sportsbetting
- Continue international expansion of vision and pooling

Immediate priorities

- Division
 - Mitigate smoking ban impact
 - Fix IT and service issues
 - Improve cost performance
 - Advance stakeholder relationships
- Victoria/Supertab
 - Launch at least 50 new venues
 - Improve marketing focus
 - Expand pooling, eg New Zealand
- NSW
 - Deliver distribution program
 - Support industry reform



Gaming: KPIs

Vic Gaming	FY07	FY06	%	Gaming
Revenue (\$m)	972.0	933.2	4.2%	➤ Product leadership in 2007
Venues	265	265	-	➤ Continued growth in market share
EGMs (average)	13,647	13,658	(0.1)%	➤ 251 venues with smoking solutions
Jackpots EGMs (average)	67.8%	66.9%	0.9%	➤ Loyalty program launched; over 120,000 active members
NMR/EGM/Day (\$)	260	252	3.2%	
Market Share (June)	51.3%	50.3%	0.9%	

Keno				Keno
Revenue (\$m)	107.7	113.0	(4.7)%	➤ Qld smoking bans impacting over 50% of revenues
Venues (Qld & NSW)	2,078	2,015	3.1%	➤ Seven "Spot 10" jackpots during the year
Game plays (m)	87.7	87.9	(0.2%)	➤ Opportunity to expand distribution
Average ticket size (\$)	7.96	7.98	(0.3%)	

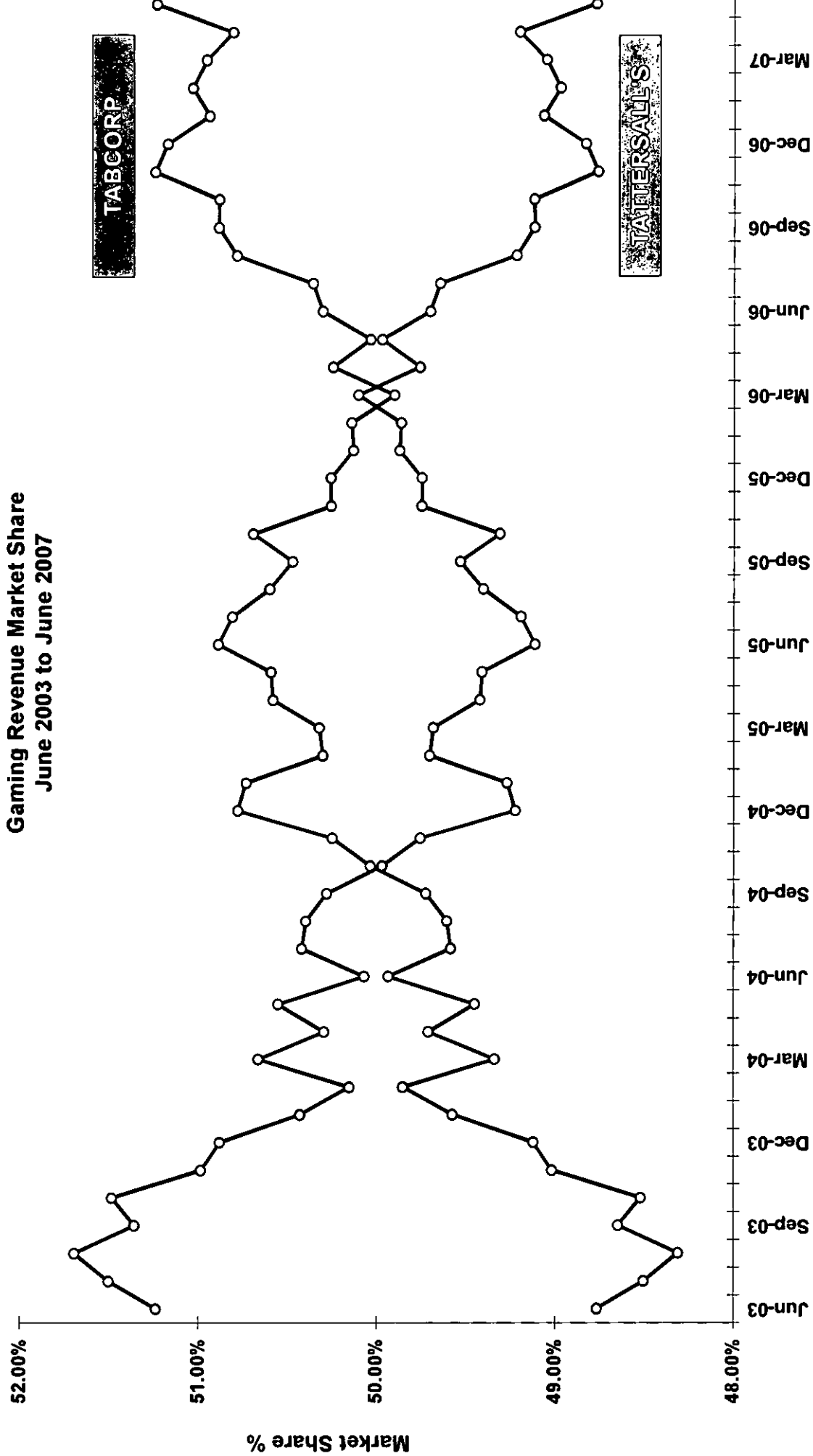


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2006/07 Full Year Results

Gaming: Market share

Tabaret vs Tattersall's
Gaming Revenue Market Share
June 2003 to June 2007



Gaming: Priorities

Strategy

- Maintain category leadership
 - Maintain product leadership
 - Prepare for server based gaming
- Improve distribution performance
 - Venue partnerships
 - Footprint expansion
- Increase customer loyalty
 - Loyalty base growth
 - Marketing effectiveness
- Develop new revenue streams
 - Eg, Games of Skill

Immediate priorities

- Vic Gaming
 - Complete transition to smoke-free environment
 - Further improve distribution footprint
 - Maintain market share position
- Keno
 - Recover from Qld smoking bans
 - Mitigate NSW smoking bans
 - Expand distribution
- Games of Skill
 - Vic rollout complete (300 venues)
 - Prepare for expansion



Group: Unacceptable expense growth

Expense growth 9.1%



2007 expense growth \$84m

		\$m	\$m	%pcp
Casinos	Labour (including EBA)	11		
	One-offs ¹	8		
	Technology	7		
	Cost of Sales (food & beverage)	8		
	Advertising & promotions	2		
	Other	6	42	+7.1%
Wagering	Broadcast rights/Vision fees	16		
	Technology (including capex/opex mix change)	14		
	Contractors/Consultants	5		
	Tab Integration - systems migration	4		
	Communications	2		
	Other	3	44	+17.7%
Gaming	Labour	3		
	Other	3	6	+8.5%
Other	Including International	(8)	(8)	(49.3)%
		84	84	+9.1%

1) Includes legal costs \$4.0m, write-off of capitalised costs for discontinued loyalty project \$2.5m and payment for Star City retail lease termination \$1.1m
Net operating expenses excludes non-recurring items which are separately disclosed in Appendix 8



Tabcorp

2006/07 Full Year Results

Group: Expense focus

- **Second half actions**
 - Reduced overhead and IT staffing –127 net headcount reduction FY07
 - Simplified accountability to three operating divisions and Shared Services
 - Tightened expense controls; reduced capitalisation of IT development
 - Settled all outstanding industry disputes
- **Clear accountability in operating divisions**
 - Three years of integration and restructuring programs largely complete
 - Devolved central functions into divisions
 - Set cost targets that deliver acceptable expense growth
 - Greater financial discipline in performance management
- **Limited number of central programs**
 - Overhead reduction – largely completed
 - Shared Services – to be completed first half FY08; then continuous improvement
 - Procurement – three wave program in place; modest progress, needs more traction
 - IT Optimisation – potential for outsourcing platforms under review; decision end 2007

Capital expenditure

\$m	Actual		Change on pcp
	12 months to 30 Jun 07	12 months to 30 Jun 06	
Casinos	83.6	85.4	(2.1)%
Wagering	39.0	76.9	(49.3)%
Gaming	41.1	33.8	21.6%
Corporate and International	19.1	27.7	(31.3)%
Total	182.7	223.8	(18.4)%

Major FY07 projects:

Casinos: Refurbishments

Gaming: New machines

Wagering: Migration project

Wagering: Retail refurbishments & terminals

Corporate: Oracle implementation

40.2
31.1
12.9
11.3
10.3

- \$92m total Wagering Migration project capitalisation
- Full depreciation impact from FY08



Tabcorp

2006/07 Full Year Results

Outlook: Environment

➤ Economy

- Solid economic growth across Eastern seaboard
- GSP¹ growth: Vic 3.3%, NSW 2.5%, Qld 5.0%
- Interest rate rise, petrol prices may dampen discretionary spending

➤ Smoking bans Vic and NSW

- Impacting 45% of Group revenues
- Well prepared in Gaming venues and Star City
- Wagering agencies already smoke free; licensed venues less well prepared
- Victorian government gaming machine levy increase \$13.4m pa

➤ Regulatory agenda

- NSW Keno licence renewal and expansion
- NSW racing industry reform – Brown report implications
- NSW Star City negotiations – September 2007
- Vic Wagering and Gaming industry structure decision – expected 2007 calendar year

¹⁾ Gross State Product, annual real growth (pcp). Source: 2007-2008 State budgets



Outlook: Tabcorp

- 2008 will be another challenging year for Tabcorp
- Improvements
 - Expense growth will be contained
 - Benefits from improvement initiatives flowing in second half
 - No material non-recurring items
- Underlying performance expected to be broadly in line with 2007
- Regain consistent growth trajectory from 2009



Group priorities clear

➤ Domestic agenda for next 18 months

- Exploring options to exit China Keno business

➤ Operational focus

- Fix customer and technology issues in Wagering
- Deliver on 2008 and 2009 expense programs
- Drive organic growth and market share
- Invest in our core franchise, particularly in NSW
- Renew licences in Victoria



Summary

- Operating revenue up 3.2 percent to \$3.9 billion
- Poor bottom line result due to unacceptable expense growth
- Other drivers of bottom line result:
 - Smoking bans in Queensland
 - Below theoretical win rate in the International Rebate Business
 - Material restructuring costs taken as non-recurring items
- Tabcorp is a solid business we can run much better
- Clear priorities in place to maintain and grow our leadership position in key markets and deliver on expense agenda
- Stronger operational focus – closer to the customer and to industry stakeholders



Appendices

➤ Appendices

1. Group results
2. Casinos: Financial data
3. Casinos: Revenue by state and product
4. Wagering: Financial data
5. Wagering: Revenue by state and product
6. Gaming: Revenue by product
7. International: Financial data
8. Non-recurring items
9. Balance sheet
10. Tabcorp Group: Debt key features
11. Cashflow
12. Reconciliation of prior period segment results
13. Reconciliation of 2005/06 comparatives - balance sheet



1. Group results

\$m	Actual ¹ 12 months to 30 Jun 07	Change on pcp	Normalised ^{1,2} 12 months to 30 Jun 07	Change on pcp
Total operating revenues	3,837.1	1.5%	3,881.7	3.2%
Other revenue ³	40.1	3.4%	40.1	3.4%
Revenue	3,877.2	1.6%	3,921.8	3.2%
Government taxes & levies	(1,044.3)	2.5%	(1,048.9)	3.2%
Operating commissions	(438.1)	2.7%	(438.1)	2.7%
Racing industry fees	(386.0)	5.2%	(386.0)	5.2%
Net operating expenses	(1,008.8)	9.1%	(1,008.8)	9.1%
Depreciation & amortisation	(144.5)	3.1%	(144.5)	3.1%
EBIT	855.4	(9.0%)	895.5	(3.0%)
Net interest expense	(163.5)	4.5%	(163.5)	4.5%
Income tax expense	(205.4)	(13.3%)	(217.4)	(6.2%)
Outside equity interest	0.9	14.5%	0.9	14.5%
NPAT before non-recurring items	487.5	(10.9%)	515.6	(3.8%)
Non-recurring items net of tax	(37.1)	>100%	(37.1)	>100%
NPAT	450.4	(17.1%)	478.5	(10.0%)
EBIT/Revenue (%)	22.1	(2.6)	22.8	(1.5)
Net interest cover (x)	5.2	(0.8)	5.5	(0.4)

1) Excludes non-recurring items which are separately disclosed in Appendix 8

2) Normalised results exclude the impact of above/below theoretical win rates in the IRB in the Casinos division

3) Excludes interest income and includes net gain/loss on the sale of non-current assets



Tabcorp

2006/07 Full Year Results

2. Casinos: Financial Data

\$m	Actual ¹		Normalised ^{1,2}	
	12 months to 30 Jun 07	12 months to 30 Jun 06	12 months to 30 Jun 07	12 months to 30 Jun 06
Revenue	1,298.5	1,337.3	1,343.1	1,318.8
Taxes, levies, commissions and fees	(244.9)	(246.5)	(249.4)	(244.5)
Net operating expenses	(637.3)	(595.2)	(637.3)	(595.2)
Depreciation & amortisation	(70.1)	(72.3)	(70.1)	(72.3)
EBIT	346.2	423.3	386.2	406.8
EBIT/Revenue (%)	26.7	31.7	28.8	30.8
				(2.1)

1) Excludes non-recurring items which are separately disclosed in Appendix 8

2) Normalised results exclude the impact of above/below theoretical win rates in the IRB in the Casinos division



Tabcorp

2006/07 Full Year Results

3. Casinos: Revenue by state and product

\$m	NSW FY07	Change on pcp	Qld FY07	Change on pcp	Total FY07	Change on pcp
Operating revenues						
Gross rebate play at theoretical	142.5	>100%	25.5	(28.4%)	168.0	>100%
Rebate	(81.4)	>100%	(13.3)	(27.5%)	(94.7)	>100%
Above/below theoretical	(33.0)	N/A	(11.7)	N/A	(44.6)	N/A
Net rebate tables	28.1	48.1%	0.6	(98.5%)	28.7	(49.7%)
PGR	109.0	(15.3%)	60.2	1.0%	169.2	(10.1%)
MGF	261.3	3.3%	117.8	8.5%	379.1	4.9%
Non rebate tables	370.3	(2.9%)	178.0	5.8%	548.3	(0.3%)
Total tables	398.4	(0.5%)	178.6	(13.4%)	577.0	(4.9%)
EGMs & other gaming	211.1	0.3%	274.0	(5.7%)	485.1	(3.2%)
Total gaming	609.5	(0.2%)	452.6	(8.9%)	1,062.1	(4.1%)
Non-gaming	94.7	3.4%	134.5	2.8%	229.2	3.0%
Total operating revenues	704.2	0.2%	587.2	(6.5%)	1,291.3	(2.9%)
<i>Total operating revenues at theoretical</i>					1,335.9	1.9%
Other revenue	-	-	-	-	7.1	(0.8%)
Revenue	704.2	0.2%	587.2	(6.5%)	1,298.5	(2.9%)
<i>Total Revenue at theoretical</i>					1,343.1	1.8%

4. Wagering: Financial data

\$m	Actual ¹			Change on pcp
	12 months to 30 Jun 07	12 months to 30 Jun 06		
Operating revenues				
Wagering - Victoria ²	525.5	486.4		8.0%
Wagering - NSW ²	848.5	832.2		2.0%
Media	90.2	82.7		9.1%
Trackside International	2.0	3.7		(46.7%)
Total operating revenues	1,466.2	1,405.0		4.4%
Other revenue	13.0	10.8		20.0%
Revenue	1,479.1	1,415.8		4.5%
Taxes, levies, commissions and fees	(885.8)	(856.9)		3.4%
Net operating expenses	(290.0)	(246.4)		17.7%
Depreciation & amortisation	(49.6)	(44.2)		12.4%
EBIT	253.7	268.4		(5.5%)
EBIT/Revenue (%)	17.1	19.0		(1.8)

1) Excludes non-recurring items which are separately disclosed in Appendix 8

2) Victorian revenue and expenses is net of 25% allocation to JV partner. NSW represents 100% of revenue and expenses with an incentive fee equivalent to 25% of profits included in R.I., taxes and op. commissions



Tabcorp

2006/07 Full Year Results

5. Wagering: Revenue by state and product

\$m	NSW ¹ FY07	Change on pcsp	Vic ¹ FY07	Change on pcsp	Total FY07	Change on pcsp
Operating revenues						
Thoroughbred	537.9	1.7%	321.8	5.9%	859.7	3.2%
Harness	103.9	0.9%	73.2	9.4%	177.2	4.2%
Greyhound	132.0	0.3%	78.1	10.3%	210.1	3.8%
Total racing	773.9	1.3%	473.1	7.1%	1,247.0	3.4%
Sportsbetting	55.2	11.1%	22.4	24.9%	77.6	14.8%
Trackside ²	-	-	20.2	12.6%	22.1	2.4%
Media	-	-	-	-	90.2	9.1%
Other	19.5	4.0%	9.8	11.0%	29.3	6.2%
Total operating revenues	848.5	2.0%	525.5	8.0%	1,466.2	4.4%
Other revenue	-	-	-	-	13.0	20.0%
Revenue	848.5	2.0%	525.5	8.0%	1,479.1	4.5%

1) Excludes non-recurring items which are separately disclosed in Appendix 8. Victorian revenue and expenses is net of 25% allocation to JV partner. NSW represents 100% of revenue.

2) Trackside revenue of \$22.1m includes \$2.0m of Trackside International product sales



Tabcorp

2006/07 Full Year Results

6. Gaming: Financial data

\$m	Actual ¹			Change on pcp
	12 months to 30 Jun 07	12 months to 30 Jun 06		
Operating revenues				
Victorian network - Hotels	628.0	604.1		3.9%
- Clubs	344.0	329.0		4.6%
Total Victorian gaming	972.0	933.2		4.2%
Keno	107.7	113.0		(4.7%)
Other	2.2	0.4		>100%
Total operating revenues	1,081.8	1,046.6		3.4%
Other revenue	19.8	20.3		(2.7%)
Revenue	1,101.6	1,066.9		3.3%
Taxes, levies, commissions and fees	(741.9)	(716.9)		3.5%
Net operating expenses	(73.8)	(68.0)		8.5%
Depreciation & amortisation	(23.8)	(22.4)		6.3%
EBIT	262.1	259.6		1.0%
EBIT/Revenue (%)	23.8	24.3		(0.5)

¹⁾ Excludes non-recurring items which are separately disclosed in Appendix 8



Tabcorp

2006/07 Full Year Results

7. International: Financial data

\$m	Actual ¹		Change on pcp
	12 months to 30 Jun 07	12 months to 30 Jun 06	
Revenue	2.5	2.5	0.7%
Taxes, levies, commissions and fees	(0.1)	(0.0)	>100%
Net operating expenses	(8.6)	(13.4)	(35.4%)
Depreciation & amortisation	(1.1)	(0.6)	90.0%
EBIT	(7.3)	(11.5)	(36.1%)

1) Excludes non-recurring items which are separately disclosed in Appendix 8



Tabcorp

2006/07 Full Year Results

8. Non-recurring items

\$m	Casino	Wagering	Gaming	Int'nal	Unalloc	Total
12 months to 30 June 2007						
Restructure/integration costs ¹	(11.6)	(26.3)	(10.5)	(0.0)	(1.6)	(50.1)
UNiTAB bid cost ²	(0.6)	(0.5)	(0.5)	0.0	(0.2)	(1.9)
Split picture resolution - implementation costs ³	-	(1.2)	-	-	-	(1.2)
India provision ⁴	-	-	-	0.8	-	0.8
Total pre-tax	(12.3)	(28.0)	(11.0)	0.8	(1.9)	(52.3)
Tax effect	(3.7)	(8.4)	(3.3)	0.3	(0.1)	(15.1)
Total post-tax	(8.6)	(19.6)	(7.7)	0.6	(1.7)	(37.1)

12 months to 30 June 2006

Total pre-tax ⁵	0.8	(88.4)	(2.3)	(4.7)	6.5	(87.9)
Tax impact ⁶	1.2	(9.9)	(0.7)	0.4	(75.1)	(84.1)
Total post-tax	(0.3)	(78.6)	(1.6)	(5.0)	81.6	(3.9)

1) Includes restructuring costs for implementation of shared services centre (\$15.5m), Tab integration (\$9.7m), Project Align (\$5.5m), and streamlining of Corporate and Technical Services functions (\$18.8m). 2006 Restructure/integration costs: \$(17.5m).

2) Costs associated with the proposed takeover of UNiTAB - Tabcorp announced its withdrawal on 17 August 2006. 2006: \$(3.6m).

3) Costs in relation to revised agreement and ACCC processes. 2006: \$(15.1m).

4) Partial release of provision relating to India venture. 2006: \$3.7m.

5) Includes \$59.7m reduction in synergistic Goodwill upon acquisition of Tab Ltd due to reduced synergy outlook.

6) Tax effect in unallocated includes \$70.7m credit to income tax expense as a result of Tab Limited joining the Tabcorp tax consolidation group.



Tabcorp

2006/07 Full Year Results

9. Balance sheet

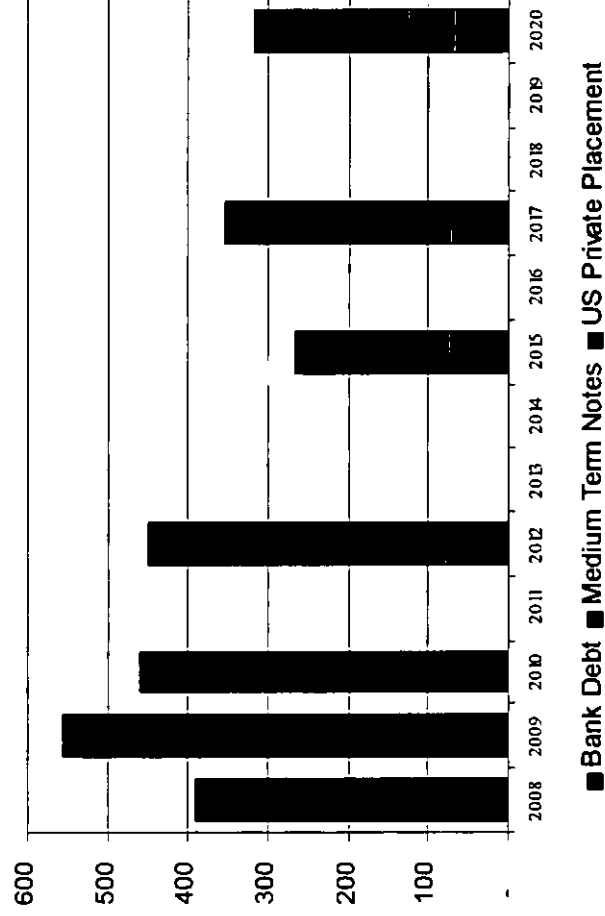
\$m	As at 30 Jun 07	As at ¹ 30 Jun 06	Change on pcp
Total current assets	282.3	278.6	1.3%
Licences	1,220.8	1,230.1	(0.8%)
Other intangible assets	3,680.6	3,676.5	0.1%
Property, plant and equipment	1,461.8	1,442.3	1.3%
Other non current assets	80.5	44.5	80.9%
Total assets	6,726.0	6,672.0	0.8%
Total liabilities	3,341.8	3,309.1	1.0%
Shareholders' funds	3,384.2	3,362.9	0.6%
Net debt	2,133.4	2,213.0	(3.6%)
Shares on issue (millions)	524.9	524.9	
Ratios²			
Gross debt / EBITDA (Normalised) (x)	2.3	2.3	(0.0)
Net debt / Equity (%)	63.0	65.8	(2.8)
ROE (%)	14.4	16.2	(1.8)
ROE (Normalised) (%)	15.3	15.8	(0.6)

1) Refer Appendix 13, "Reconciliation of 2005/06 comparatives - balance sheet", for reconciliation with comparatives reported

2) Excludes non-recurring items which are separately disclosed in Appendix 8

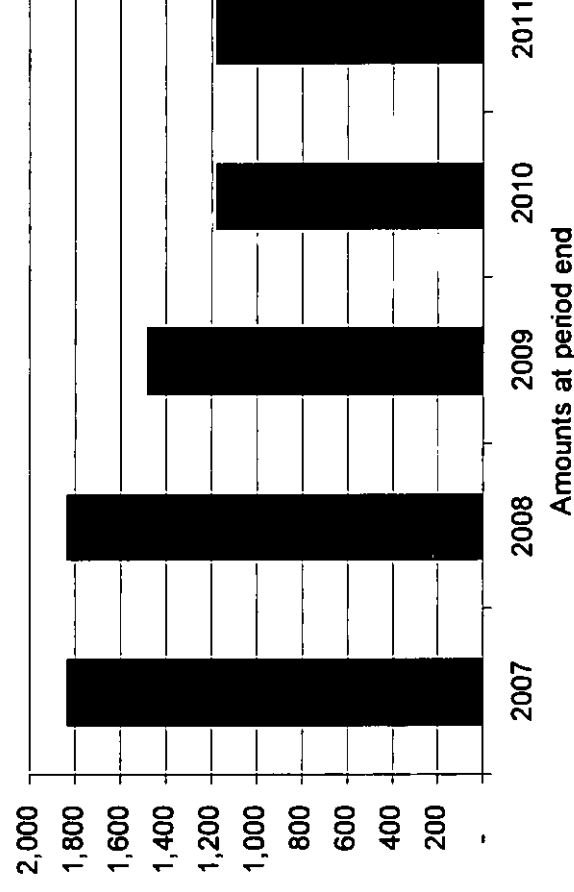
10. Tabcorp Group: Debt key features

Debt structure and maturity profile (\$m)



- Average debt maturity is 4.8 years at 30 June 2007
- Average interest rate on gross debt, including interest rate swaps, is currently 6.8%

Fixed rate swaps and fixed interest medium term notes (\$m)



- 75% gross debt is at fixed interest rates at 30 June 2007
- Average cost of fixed rate swaps and fixed interest medium term notes is 5.8% excluding the borrowing margin on medium term notes

11. Cashflow

\$m	Actual		Change on pcip
	12 months to 30 Jun 07	12 months to 30 Jun 06	
Net operating flows	958.8	1,076.8	(11.0%)
Net interest payments	(152.7)	(153.2)	(0.3%)
Income tax paid	(198.2)	(218.4)	(9.2%)
Payments for PP&E	(166.8)	(236.1)	(29.4%)
Net operating cash flows	441.1	469.1	(6.0%)
Proceeds from sale of assets/business	5.8	44.3	(86.9%)
Dividends paid	(483.0)	(446.2)	8.2%
Others	14.8	28.0	(47.1%)
Net debt at beginning of period	2,213.0	2,324.2	(4.8%)
Non cash movements	100.9	16.0	n/a
Net debt at end of period	2,133.4	2,213.0	(3.6%)
Operating cash flow per share (cents)	84.0	89.4	(6.0%)

1) Primarily represents reduction in US private placement borrowings due to increase in AUD/USD exchange rate. This is offset by equivalent movements in derivative financial instruments.



Tabcorp

2006/07 Full Year Results

12. Reconciliation of prior period segment results

\$m ¹	Wagering (as reported)	International Product	Reclassification ²	Media	Eliminations	Wagering (restated)
Year ended 30 June 2006						
Operating revenues	1,318.6	6.5		113.6	(33.8)	1,405.0
Other revenues	10.7			0.1		10.8
Revenue	1,329.4	6.5	-	113.7	(33.8)	1,415.8
Taxes, levies, commissions and fees	(851.4)		(0.5)	(5.0)		(856.9)
Net operating expenses	(218.6)	(0.7)	0.5	(61.4)	33.8	(246.4)
Depreciation & amortisation	(40.3)			(3.9)		(44.2)
EBIT	219.1	5.8	-	43.3	-	268.4
	Gaming (as reported)	Keno International	Reclassification ²			Gaming (restated)
Operating revenues	1,046.2	0.4				1,046.6
Other revenues	20.3	-				20.3
Revenue	1,066.5	0.4	-			1,066.9
Taxes, levies, commissions and fees	(715.0)	-	(1.9)			(716.9)
Net operating expenses	(68.8)	(1.0)	1.9			(68.0)
Depreciation & amortisation	(22.4)	-				(22.4)
EBIT	260.2	(0.6)	-			259.6
	International (as reported)	International Trf. to W & G				International (restated)
Operating revenues	9.4	(6.9)				2.5
Other revenues	0.0	-				0.0
Revenue	9.4	(6.9)				2.5
Taxes, levies, commissions and fees	(0.0)	-				(0.0)
Net operating expenses	(15.0)	1.7				(13.4)
Depreciation & amortisation	(0.6)	-				(0.6)
EBIT	(6.3)	(5.2)				(11.5)

1) Excludes non-recurring items which are separately disclosed in Appendix 8

2) Expenses reclassified from Net Operating Expenses to Racing industry fees



Tabcorp

2006/07 Full Year Results

13. Reconciliation of 2005/06 comparatives – balance sheet

	Balance Sheet FY 06	Software CIP Reallocation ²	Deferred Tax Asset Reallocation ³	Balance Sheet FY06 restated
\$m	as reported¹			
Total current assets	278.6			278.6
Licences	1,230.1			1,230.1
Other intangible assets	3,611.4	65.1		3,676.5
Property, plant and equipment	1,507.4	(65.1)		1,442.3
Other non current assets	127.7		(83.3)	44.5
Total assets	6,755.3	-	(83.3)	6,672.0
Total liabilities	3,392.4		(83.3)	3,309.1
Shareholders' funds	3,362.9	-	-	3,362.9
Net debt	2,213.0	-	-	2,213.0

- 1) As reported in June 2006 financials
- 2) Reclassification to reflect the allocation of capital works in progress, previously held in PP&E, to the intangibles category.
- 3) Reclassification of deferred tax assets from current assets to current liabilities in order to show net deferred tax liabilities as per the guidance in AASB112 Income Taxes para 75.



END

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